

**EVALUATION OF THE FINANCIAL PERFORMANCE OF
COOPERATIVE BANK IN KERALA- KERALA STATE COOPERATIVE
BANK**

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

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Register No:39410017**



SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119**

April - 2021



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **ANOOP.A K 39410017** who have done the Project work entitled "**EVALUATION OF THE FINANCIAL OF COOPERATIVE BANK IN KERALA- KERALA STATE COOPERATIVE BANK**" under my supervision from January to March 2012.

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DECLARATION

I **ANOOP. A K 39410017** hereby declare that the Project Report entitled **Evaluation of the financial performance of cooperative bank in Kerala- Kerala state cooperative bank** done by me under the guidance of **Dr. Y. AYSHA FATHIMA, M. Com, MBA, M. Phil, Ph.D.** at **SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

A cooperative is 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 reconstructions of the country. This study is on the financial performance of Kerala State Cooperative bank (KSCB). The objective of the study is: To analyze the financial performance of Kerala State Cooperative Bank. To analyze the financial performance in term of profitability. To analyze the growth of loans and deposits during the period of study. To compare the financial performance of period of study. The sources of data were the published annual reports of bank from 2014-15 to 2019-2020. Financial analysis has been done with tools such as financial ratios, trend analysis etc., The study helps to understand the financial position, per cent changes in profits, deposits and loans. The study found that immediate steps are needed to improve their capital base of the bank.

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CHAPTER-1

1.1 INTRODUCTION

Cooperative bank is a financial entity which belongs to its members, who are the owners and customers of the bank. The aim of the cooperative bank is to serve its members and they have completed 100 years of existence in India. The history of Indian cooperative banking started with the passing of cooperative societies act in 1904. 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. The Cooperative Credit System in India consists of Short Term and Long Term credit institutions. The short-term credit structure which takes care of the short term (1 to 5 years) credit needs of the farmers is a three-tier structure in most of the States viz., Primary Agricultural Cooperative Societies (PACCS) at the village level, District Central Cooperative Banks at the District level and State Cooperative Bank at the State level and two-tier in some States viz., State Cooperative Banks and PACCS. The long term credit structure caters to the long term credit needs of the farmers (up to 20 years) is a two-tier structure with Primary Agriculture and Rural Development Banks (PARDBs) at the village level and State Agriculture and Rural Development Banks. The State Cooperative Banks and Central Cooperative Banks are licensed by Reserve Bank of India under the Banking Regulation Act. While the SCBs and DCCBs function like a normal Bank they focus mainly on agricultural credit. While Reserve Bank of India is the Regulating Authority, National Bank for Agriculture and Rural Development (NABARD) provides refinance support and takes care of inspection of SCBs and DCCBs.

Kerala State Cooperative Bank is popularly known as “Kerala Bank”. Kerala State Cooperative Bank played very significant role in the development of the local economy. Beyond that Kerala State Cooperative Bank had a pivotal role in developing the saving habits of the people. For analyzing the financial performance of the Kerala state Cooperative 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. And the study on financial analysis of Kerala Stata Cooperative 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.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenue. The term is also used as a general measure of a firm's overall financial health over a given period. Analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate.

CURRENT RATIO

This is also simply known as ‘liquidity ratio’ is the ratio between ‘Current Assets’ and ‘Current Liabilities’. The formula is = $\text{Current Assets} / \text{Current Liabilities}$. Current Assets include all those assets which are held for a short time in the course of business and which can be easily converted into cash. Examples of Current Assets are: Cash, Bank Balance, Short Term investments, Stock in Trade, Finished Goods, Raw Materials, Prepaid Expenses, Debtors, Bills Receivables etc. As you can see – these items are Cash and Cash Equivalents, i.e., easily convertible into cash. Current Liabilities are obligations of a company which need to meet in a short period of time – bills payables, creditors, bank overdraft account etc. Thus Current Ratio – shows the ability of a company to meet its short term or current payment obligations. An ideal current ratio for banks is 1.33:1. Current Assets to be 1.33 times of current liabilities to be in comfortable position and not have excessive current asset sitting idle.

CREDIT TO DEPOSIT RATIO

A credit to deposit ratio is the ratio of how much a bank lends out of the deposit it has mobilized. It helps in assessing a bank's liquidity and indicates its health. Ideal Credit to Deposit Ratio is between 80%-90%. This means that the Bank is lending this percent from the Total deposits that it has. Lending is the main business of the bank so this ratio should be high. If the ratio is too low, it means the bank may not be earning as much as they should be. If the ratio is too high, it means that the bank might not have enough liquidity to cover any unforeseen fund requirements, which may affect capital adequacy and asset-liability mismatch. This ratio should be checked before investing in banks.

INVESTMENT TO DEPOSIT RATIO

Investment-Deposit Ratio is calculated as Investments (Government securities and other approved securities)/aggregate deposits. ... Since, banks need extra government security to meet their day to day liquidity, this ratio normally reflects the higher value than SLR.

COST OF DEPOSIT RATIO

The cost of deposit, which is calculated based on the interest rate paid by the banks divided by the deposit amount, has a direct impact on banks' profitability. With cheaper funds, banks can lend at a profit.

ADVANCE TO TOTAL ASSETS RATIO

The loans to assets ratio measures the total loans outstanding as a percentage of total assets. The higher this ratio indicates a bank is loaned up and its liquidity is low. The higher the ratio, the riskier a bank may be to higher defaults.: $\text{Loans to Assets} = (\text{Loans} / \text{Total Assets})$

CAPITAL TO DEPOSIT RATIO

The Capital to Deposit ratio is also used as a measure of Capital adequacy. Capital adequacy reflects the overall financial position of a bank. Adequate capital held by the bank provides protection against unexpected losses in the future. Kosmidou

(2008) referred to capital adequacy as the sufficiency of the amount of equity to absorb any shocks that the bank may experience and it reveals the internal strength of the bank to withstand losses during crisis. The Capital to Risk Weighted Assets ratio (CAR) ensures that banks can adopt a reasonable level of losses arising from operations and to ascertain bank's loss bearing capacity. Higher CAR means banks are financially strong enough to protect the stakeholders' interest. As per central bank guidelines banks have to maintain a CAR of 9%. $CAR = (\text{Tier-I Capital} + \text{Tier-II Capital}) / \text{Risk Weighted Assets}$.

INTEREST EARNED RATIO

Other commonly referenced ratios indicate specific factors that contribute to bank profitability. Net interest margin (NIM) equals net interest income divided by earning assets and thus represents the net interest return on income producing assets. A bank's earnings base (EB) measures the fraction of assets that produce income, while noninterest expense minus noninterest income divided by total assets reveals the bank's burden, and thus its comparative ability to control net noninterest expense.

RETURN ON TOTAL ASSETS RATIO

Return on Assets Ratio is the net profit generated by the bank on its Total Assets. It helps to know-how management is using its assets to generate more income. The higher the portion of average earnings assets, the better would be the resulting returns on total assets. A low or declining Return on Assets ratio means that the bank is not able to utilize its assets efficiently.

NET PROFIT MARGIN RATIO

The net profit margin, or simply net margin, is equal to how much net income or profit is generated as a percentage of revenue. Net profit margin is the ratio of net profits to revenues for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each dollar in revenue collected by a company translates into profit. Net profit margin measures how much net income is generated as a percentage of revenues received. Net profit margin helps investors assess if a

company's management is generating enough profit from its sales and whether operating costs and overhead costs are being contained. Net profit margin is one of the most important indicators of a company's overall financial health.

GROSS NPA RATIO

Gross NPAs are the total of all loan assets that are classified as Non-performing assets as per RBI guideline. It shows how much of a bank's loans are in danger of not being repaid. It is one of the most important ratios to consider before investing in banks. If interest is not received for 90 days, a loan turns into NPA. Gross NPA reflects the quality of the loans made by the bank. A very high gross NPA Ratio means the bank's asset quality is in a very poor shape.

ASSETS PROBLEM RATIO

The problem assets ratio shows the proportion of gross NPA to total assets. Problem assets ratio has direct bearing on return on asset as well as the liquidity risk management of the bank. High Problem Assets Ratio means high illiquid. The Gross NPA beyond certain percentages of total assets will cripple the total business performance of the bank. $\text{Problem Assets Ratio} = \text{Gross NPA} / \text{total assets}$

DEPOSIT SAFETY RATIO

Due to awareness of depositors towards safety of their money deposited in a bank they are forced to study the proportion of standard assets of the bank by the outside liabilities. This Ratio indicates the degree of safety of the depositor's money. High ratio means high safety to the depositors. $\text{Depositors Safety Ratio} = \text{total standard assets} / \text{total outside liabilities}$

CAPITAL ADEQUACY RATIO

Capital Adequacy Ratio is the ratio of a bank's Total capital (tier 1 + tier 2) in relation to its risk-weighted assets. This should be taken into consideration before investing in banks. It is decided by the central banks and bank regulators to prevent commercial banks from taking excess leverage and becoming insolvent in the process. Under Basel III, a bank's tier 1 and tier 2 capital must be at least 8% of its risk-weighted assets. The minimum capital adequacy ratio (including the capital conservation

buffer) is 10.5%. Minimum capital adequacy ratio ensures that the bank has enough cushion to absorb a reasonable amount of losses before they become insolvent and consequently lose depositors fund. A high CAR means that the bank is safe. These are the ratios that can help you to know which bank is weak and is not worthwhile investing. Although this is not a foolproof method but it is a good way to run a fast check on a Bank's health

CASA RATIO

CASA stands for Current Account and Saving Account. Different kinds of deposits like current account, saving account and term deposits forms the major source of funds for banks. CASA deposit is generally a cheap source of fund for banks if its high. Higher CASA Ratio helps the bank in improving net interest margin as these deposits come with an Interest payment which is negligible for Banks. The Current account does not attract any Interest Burden but term deposits come with a higher interest burden compared to Savings Account Deposit. A low CASA Ratio suggests that the bank is not efficient, as it has to pay higher rates on more expensive types of deposits, which can hurt its Net interest margins. This ratio should be considered before investing in banks.

LOAN TO DEPOSIT RATIO

The loan-to-deposit ratio (LDR) is used to assess a bank's liquidity by comparing a bank's total loans to its total deposits for the same period. The LDR is expressed as a percentage. If the ratio is too high, it means that the bank may not have enough liquidity to cover any unforeseen fund requirements. Conversely, if the ratio is too low, the bank may not be earning as much as it could be. The loan-to-deposit ratio is used to assess a bank's liquidity by comparing a bank's total loans to its total deposits for the same period. To calculate the loan-to-deposit ratio, divide a bank's total amount of loans by the total amount of deposits for the same period. Typically, the ideal loan-to-deposit ratio is 80% to 90%. A loan-to-deposit ratio of 100 percent means a bank loaned one dollar to customers for every dollar received in deposits it received.

1.2 INDUSTRY PROFILE:

HISTORY AND GROWTH OF THE INDUSTRY:

The banking system is an integral part of the financial sector of our country. Therefore, the role of banking in our economy must be seen in the context of its fundamental role in the entire financial sector. The financial sector plays a major role in mobilization and allocation of savings. Financial institutions, instrument and markets which constitutes the financial sector act as a conduit for the transfer of financial resources from net savers to the net borrowers, i.e. from those who spend less than they earn more than they spend. The financial sector performs the basic economic function of intermediation essentially through four transformation mechanisms.

- Liability asset transformation: It means that accepting deposits as a liability and converting them in to assets such as loans
- Size transformation: i.e. providing large loans on the basis of assorted large medium and small deposits.
- Maturity transformation: i.e. offering savers deposits according to their liability preferences while providing borrowers with loans of required maturities.

Origin of banking

The word Bank has been originally derived from the Italian word 'Banco' meaning a bench. In olden days' money lenders used to exhibit the coins of different countries on a separate bench and the business of exchanging the coins were carried on through those money lenders, especially in Greece, Italy and England. Whenever these moneylenders were not in a position to convert the currency of one country into the currency of another, people virtually broke up their benches. Hence, the word 'Bankrupt'. The word Bank has also originated from German word 'Bank', meaning thereby a joint-stock fund, collected from public for the purpose of financing the needy people.

Evaluation of banking in India

Banking is known in India since ancient times. It originated in our country as early as 600B.C. References are found in the early Vedic literature of deposits, pledges, loans and rates of interest. However, banking in those days consisted mainly of money lending activities. Commercial banking of modern lines was started in India only during the nineteenth century. Earlier in British India, mainly the employees at the East India Company established banks and they were called the Agency Houses. It is these 'Agency houses' which paved the way for the establishment of Joint Stock Bank to be established in India. The Bank of Hindustan was the first Joint Stock Bank to be established in India under European Management. But soon it failed. Later three Presidency Banks were started with financial position of the Government. These Banks were the Bank of Bengal, The Bank of Bombay and the Bank of Madras. The Commercial Bank was perhaps the first purely Indian Joint Stock Bank to be established in 1889. Later the Punjab National Bank in 1894 and the people Bank in 1901 were established. The Swadeshi Movement in 1905 gave a real stimulus to the development of Indian Bank. The Bank of India was started in 1906, the Indian Bank in 1907, the Bank of Baroda in 1908 and the Central Bank of India in 1911. However, the banking crises of 1913 hit hand many of the banks. In 1922 the banking industry witnessed many bank failures. It is only in recent years, such bank failures have been prevented and stability restored. In 1935, the Reserve Bank of India, which is acting as the Central Bank of our country, was established.

Banking system in India

The Banking system plays an important role in the economic development of the country. Indian Banking system is characterized by the present of wide variety of institutions. At the top of the banking systems there is the Reserve Bank of India which is the Central Bank of our country. There are 22 Public Sector Banks in India. The Banking scene is dominated by Public Sector Banking. "Nearly the Public Sector Banking controls 25% of banking resources of the country. Two more apex institutions in the field of agriculture and exports respectively have also been established.

They are the NABARD (National Bank for Agriculture and Rural Development) and EXIM Bank (Export Import Bank of India). In the sphere of Industrial Finance, we have specialized financial Institutions such as 1FCI, IBRD, ICICI, SFC and SDC. Agriculture finance is provided by Cooperative Banks and Regional Rural Banks.

HISTORY OF CO OPERATIVE BANKING IN INDIA.

The Beginnings

The Co-operative movement was started in India in 1904 with the object of providing finance to agriculturists for productive purpose at low rates of interest and thereby relieving them from the clutches of the money lenders. A large number of agricultural credit Societies were set up in the villages under the Co-operative Societies Act of 1904. The Co-operative Societies Act of 1912 contributed to the establishment of Central Co-operative Banks and the State Co-operative banks to provide refinance to primary credit societies which could not mobilize funds by their own efforts. It gave stimulation to the co-operative credit movement in India.

The Co-operative credit movement made good progress during and after the First World War of 1914-1918. But during the great depression of 1929-1933 it received a serious setback with the outbreak of Second World War between 1939-1945. The Co-operative Credit movement made considerable progress once again. By that time, the Co-operative Credit institutions had increased their membership had gone up and their deposits and advances also had increased considerably. Since then the progress had been maintained thanks to the keen interest shown by the Reserve Bank of India in the co-operative Credit movement.

MEANING OF CO-OPERATIVE BANKING

A CO-OPERATIVE BANK is a co-operative organization engaged in the banking functions of acceptance of deposits and lending credits. The Co-operative banks and Societies perform an important role in meeting the requirements of people in the rural areas Co-operative banks and district entities by themselves with separate jurisdictions and independent board of directors. The Co-operative banks are organized on a Cooperative basis and are governed by their members according to

the Co-operative laws. They are under the control of respective State government certain provisions of the banking regulation act also applied to co-operative banks in India are federal in their structure.

AIMS OF CO-OPERATIVE BANKS

- To promote savings among members and thereby increase the supply of funds.
- To tap outside sources for the supply of funds.
- To promote the effective use of credit and to reduce the risk in the granting of credit.
- To reduce the cost of management through the honorary services.

MERITS OF CO-OPERATIVE BANKING:

Co-operative banks play a very significant role in rural banking. The significant role of cooperative banks is owing to the following reasons

- Co-operative banks have a rural touch
- They are familiar with the rural problems
- They have attitudinal! identification with rural economy
- The cost of operation of co-operative banks is relatively low

Co-operative Banking has thought the agriculturist to borrow at the right time in right amount and for right purposes. Co-operative banking is widely accepted as the only means of eradicating poverty and realizing the standard of living of rural masses.

Recent Developments

Over the years, primary (urban) cooperative banks have registered a significant growth in number, size and volume of business handled. As on 31st March, 2009 there were 1,721UCBs of which 53 were scheduled banks. About 64.8percent of these are located in three states- Gujarat, Karnataka, and Maharashtra (including Goa). Recently the problems faced by a few large UCBs have highlighted some of the difficulties these banks face and policy endeavors are geared to consolidating and strengthening this sector and improving governance

Co-operative banking in India

Co-operative banking in India has made substantial progress in dissemination of banking services based on co-operative principles. In view of the special thrust on financial inclusion, co-operative banking has acquired renewed significance in the Indian financial system. The focus of the recent policy measures, therefore, has once again shifted to the strengthening of co-operative banking in India. The review of the problems of rural cooperatives by the Task Force (2004) constituted by the Government of India and the Vision Document on urban co-operative banks (UCBs) released in March 2005 by the Reserve Bank, have provided a fresh framework with practical and implementable arrangements to rejuvenate the Indian co-operative banking structure. The emphasis of the recent initiatives has been to revitalize these institutions for reinstating the confidence of the public in the co-operative banking system. While designing the regulatory and supervisory framework, care is being taken to preserve their co-operative character and institutional specifics.

The co-operative banking structure in India comprises two main components, viz., urban co-operative banks and rural co-operative credit institutions. While urban co-operative bank has a single tier structure, rural cooperatives have a complex structure. Rural cooperative credit institutions have two distinct structures, viz., the short-term co-operative credit structure (STCCS) and the long-term cooperative credit structure (LTCCS). Within the STCCS, primary Agricultural credit societies (PACS) at the village level form the base level, while district central Co-operative banks (DCCBs) are placed at the intermediate level, and the State co-operative banks (STCBs) at the apex level. The STCCS mostly provide crop and other working capital loans primarily for a short period to farmers and rural artisans. The long-term structure of rural co-operatives comprises State co-operative agriculture and rural development banks (SCARDBs) at the State level, and primary co-operative agriculture and rural development banks (PCARDBs) at the decentralized district or block level. These institutions focus on providing typically medium to long-term loans for making investments in agriculture, rural industries, and lately housing. The structure of rural co-operative banks is not uniform across the States of the country, and varies

significantly from one State to another. Some States have a unitary structure with the State level banks operating through their own branches, while other have a mixed structure incorporating both unitary and federal systems.

Given the significant role played by urban co-operative banks in providing banking services to the middle and lower income people, the Reserve Bank continued to take initiatives to strengthen these banks. In June 2004, it was decided not to issue fresh licenses for setting up new banks or for opening new branches, until a suitable framework for regulation and supervision was put in place for the existing UCBs. In March 2005, the Reserve Bank prepared a draft Vision document for UCBs which, inter alia, discussed the problems of the sector and highlighted the issue of dual regulatory mechanism which restricted the ability of the Reserve Bank in handling the weaknesses of entities in the sector. In order to address the problem of dual control, Vision document proposed the adoption of a consultative approach for deciding the future set up of weak and sick banks in each State. In terms of the Vision document, the Reserve Bank approached the State Governments for signing MOU to ensure greater convergence of approach of the two agencies entrusted with the regulation and supervision of UCBs. As part of the MOU, it was decided to set up State Level Task Force for Co-operative Urban Banks (TAFUCBs) comprising representatives of the Reserve Bank, State Government and federation/association of UCBs. The TAFUCB was entrusted to identify the potentially viable and nonviable UCBs in the State and provide a revival path for the former and a non-disruptive exit route for the latter set of banks. The exit route could include merger/amalgamation with stronger banks, conversion into societies or ultimately as a last resort, through liquidation. Till 2009, MOUs have been signed with 26 State Governments and Central Government (in respect of multi-State UCBs), which encompass 1,721 UCBs, i.e., 99 per cent of the UCBs representing 99.2 per cent of deposits of the sector. The impact of the initiatives in the recent past is perceptible as there is enhancement of public confidence in the sector which is reflected in the increase of deposits during 2006-07 and 2005-06, reversing the declining trend of 2004-05.

1.3 COMPANY PROFILE

The beginning of Kerala State Cooperative Bank Ltd dates back to early 20th century. In the year 1914, the then Maharaja of Travancore, His Highness Sree Moolam Thirunna Ramavarma through a proclamation introduced “The Travancore Cooperative Societies Regulation Act”. The Bank was registered in the year 1915 as the “Trivandrum Central Cooperative bank” which was the first Cooperative Society to be formed in the former princely State of Travancore. It started functioning as a Bank on January 18, 1916 with a share capital of Rs. 100000/- made up of 1000 shares of Rs. 100/- each. In the beginning there were 16 Cooperative Societies and 69 individuals as its members.

In 1943, it was converted into the Travancore Central Co-operative Bank, give it a federal character of the Travancore State. In the wake of Indian Independence and the reorganization of State, the Bank was re-organized as a State Cooperative Bank for Travancore-Cochin State in the year 1954. In the year 1956, the reorganization of Indian State took place and the State of Kerala was formed. The Bank was then elevated to the position of State Cooperative Bank for the State of Kerala and it became “The Kerala State Cooperative Bank Ltd” At that time, the Bank had a working capital of Rs.42.90 lakhs, deposit of Rs.30.33 lakhs loans and advance to the tune of Rs21.66 lakhs.

The Kerala State Cooperative Bank was registered and retained as an Apex Bank in which only Cooperative Bank approved by the Registrar of Cooperative Societies were admitted as members. Since then the Trivandrum District Cooperative Bank and the Government of Kerala were the only members. Subsequently after the formation of the Districts, District Cooperative Bank were registered in each District and all the District Cooperative Banks were admitted as members.

In July 1966, the Kerala State Cooperative Bank Ltd was included in the 2nd Schedule of the Reserve Bank of Indian Act 1934. The Reserve Bank of India as per the provisions contained in the in the 2nd Schedule of the Act approved the Bank as a Scheduled State Cooperative Bank. The Kerala State Cooperative Bank Ltd is first Scheduled Apex Cooperative Bank in the Cooperative Banking Sector in the country.

In 1972 it was issued a license to carry on the business of Banking under Section 22 of the Banking Regulation Act,1966. The Bank is financing Bank as defined in the Kerala Cooperative Societies Act, 1969 is a Cooperative Society having its members only other Cooperative Societies. The Bank is doing the business of banking within the frame work of rules/regulations/guidelines stipulated by Reserve Bank of India and National Bank for Agricultural and Rural Development (NABARD).

The Government of Kerala has Taken a policy decision to convert the present three tier short term cooperative structure within the state into a two tier structure. The Reserve Bank of India had conveyed their consent for the amalgamation of 13 district Cooperative Banks who approved scheme of amalgamation with State Cooperative bank. The Registrar of Cooperative Societies has approved the resolution passed by 13 District Cooperative Bank on 07-03-2019 to transfer its assets and liabilities in whole Kerala State Cooperative Bank and issued order for amalgamation of 13 District Cooperative Bank with Kerala State Cooperative bank, based on the resolution passed by general bodies of respective District Cooperative Bank as provide under section 14A of KCS Act. Accordingly, from 29-11-2019 onwards, Kerala State Cooperative Bank and 13 District Cooperative Bank are functioning as a single entity with Brand Name “Kerala Bank”.

The head office of the Kerala State Cooperative Bank is at Thiruvananthapuram, corporate business and liaison office at Ernakulum, seven regional offices and bank have total 769 breaches. It offers Housing/Vehicle/Cash credit/ Mangalya/Mortgage/ Education/Gold loans to Individuals. Apart from these loans the bank is providing soft Loan to those Primary Cooperative Societies that are not functioning properly, for their revitalization.

1.4 SCOPE OF THE STUDY

This study based on the financial performance of Kerala State Cooperative Bank. And financial position of the bank by using Ratio analysis, Trend analysis and comparative statement. Financial statement helps the management to Analysis profit, solvency, liquidity and efficiency etc. this analysis will give the exact picture of Kerala State Cooperative Bank.

1.5 STATEMENT OF THE PROBLEM

Though the Co-operative Banks have been established with admirable objective, they are suffering from various problems and as a result, their financial performance is very precarious. This is due to many a number of reasons such as lower or negative spread of mounting nonperforming assets, entry of other Banking Institutions into the areas, for the Cooperative Banks as a result of which there is an increasing competition, etc. Moreover, high levels of non-performing assets and high growth in credit of Kerala state Cooperative Bank continue to be the major area of concern. Therefore, it is necessary to assess the financial performance of Kerala State Cooperative Banks. In this background, the present study intends to focus on the analysis of financial performance of Kerala State Co-operative Banks in particular with the objective is to analysis the financial performance of Kerala State Cooperative Bank. To analysis the financial performance in term of profitability. To analysis the growth of loans and deposits during the period of study. To compare the financial performance of period of study.

1.6 OBJECTIVES OF THE STUDY

Primary objective

- To analysis the financial performance of Kerala State Cooperative Bank.

Secondary objective

- To analysis the financial performance in term of profitability.
- To analysis the growth of loans and deposits during the period of study.
- To compare the financial performance of period of study.
- To evaluate the short-term and long-term financial position

1.7 LIMITATION OF THE STUDY

This study focuses only on the financial performance of Kerala State Cooperative Bank grounded on secondary data. The major limitation of the study is that it considers the data only from 2014-15 to 2019-2020. 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.

CHAPTER-2

2.1 REVIEW OF LITERATURE

Samantary (2008): Made an attempt to study the growth of performance from the Cuttack credit cooperative ltd. For a period from 1998-99 to 2005-06 & the performance indicators selected for the study include membership, working capital, investment, loan & advances & net profit.

Indira R. (2009) the research paper, attempts to understand the cooperative banking efficiency by examination the financial performance of cooperative banks. Research study focuses on analyzed the financial performance of selected co-operative banks in Tumkur District. For this purpose, relevant data for the period of eight years were collected from the annual reports of the co-operative banks. Financial performance is studied using ratio analysis, percentage analysis, trend analysis, one-way ANOVA, chi-square test etc.

Sapna (2009) in her study analyzed the recovery performance of PCARDBs and found that increase in overdue is higher in non-agricultural sector than in agricultural sector. Further, the study concluded that declining prices of agricultural products and defective government policies are reasons for mounting overdue.

Selvaraj and Sankaravadivoo (2009) in their study stated that the major obstacles affecting the performance of the banks are high lending interest rate, improper management of NPAs, prudential norms introduced in the banking sector, guarantee fee charged from ARDB by State and Central government, poor loan repayments, lack of professional management and restrictions in co-operative law.

Medhat Tarawneh (2009) financial performance is a dependent variable and measured by Return on Assets (ROA) and the intent income size. The independent variables are the size of banks as measured by total assets of banks, assets management measured by asset utilization ratio (Operating income divided by total

assets) operational efficiency measured by the operating efficiency ratio (total operating expenses divided by net income)

Majeed, A. (2009), 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. (2010) 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.

Sharma (2010) 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 (2010), 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.

Indira. r (2010): This paper attempt to contribute the co-operative banking efficiency literature by examination the financial performance of co-operative banks operating in Tumkur district. The study applies CAMAL analysis of the methods by improving management of deposits. No. Of employee's loan advance and investment operations the less efficient bank can successfully achieve efficiency in resource utilization. The result also provides valuable in sides to policy maker and manager of the cooperative banking sector.

Hoonda & chanal (2010): Made an attempt to study the growth of paces in India for a period of ten years from 1998-99 to 2007-08 for the purpose of the study, several indicators i.e., number of owned fund, deposits.

Nagarjuna R.C (2010) Analyzed in his paper financial performance of selected cooperative banks in Karnataka. The study helped to understand the growth and performance of Co-operative Banks in Karnataka. In order to this study the financial performance of Co-operative Banks, various financial parameters like the Capital Adequacy, Reserves, Borrowings, Liabilities and levels of Non-Performing Assets etc. were analyzed. It also examined the efficiency and effectiveness in mobilizing the deposits, lending advances, investments and recovery performance, the Operating Profit/Net Profit and suggests measures for improving the working of Co-operative Banks.

Rajan (2011), 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. (2011) 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.

Reddy.et.al (2011) compared the performance of Regional Rural banks in Andhra Pradesh to check the viability of the banks. The concluded that Andhra Pragathi Gramin Bank is performing better than the other co-operative banks.

Jyoti Gupta, Suman Jain, (2012) in this research paper has discussed the financial performance of UCBs in India. They have studied 300 respondents in order to understand types of loan preferences, services standard of cooperative banks, efficiency, advance practices as well as satisfaction level of the customers with reference to cooperative banks. Descriptive research is used in this study in order to identify the loan advance practices of bank and determining customer's level of satisfaction and also suggested measures to improve efficiency of UCBs in India.

Agrawal and Solanki (2012) Analysis the growth and development of co-operative banks, the progress of cooperative banking sector, the problems, difficulties faced by them and the remedies to overcome these problems with reference to Indian economy. Some of the problems of cooperative banks in the country is NPA, infrastructural weaknesses, dependence on loan capital from government, RBI, NABARD, Lack of motivation among the staff, political interference, bad recovery of loan and advance, unethical practices, the areas of operation of the cooperative banks are restrict and limited, they are not having the modern practices of banking in their working viz. mobile banking, online banking, e-banking, ATM banking and all other modern banking execution.

Ramachandran [2012] in this article "A study on the progress of the scheduled urban cooperative banks in India with respect to major indicators of financial performance" concluded that the future of urban cooperative banks is challenging because of the competition from public sector banks and private sector banks. Public sector banks and private sector banks are focus on their major expansion activities both vertically and horizontally.

Anil Matkar [2012] in this paper "A Glance in financial performance and retail banking products of Maharashtra state cooperative Bank" concluded that the increase in the net non – interest income, profit per employee, business per employee, capital adequacy ratio and decrease in the operating expenses, staff cost level of non-performing assets by the last few years indicates that the financial performance of

the MSC Bank in retail banking products has been good and retail banking has also contributed well to overall progress of the MSC Bank.

Shachi Pareek [2012] in their article “Financial performance analysis of urban cooperative banks in Jaipur district” conclude that the above analysis reveals that the UCBs in Jaipur are in a positive state of health with satisfactory level of profitability. Even being the small size, they have got a great potential to cater the marginal clients.

Anil K. S. & Saluja H. (2013): District central cooperative bank plays an essential role in the agriculture and rural development of the Rajnandgaon. The bank has more popular to the rural area of Rajnandgaon through their huge network. The DCC bank rajandgaon act as intermediary between state cooperative bank (Apex bank) and primary agriculture cooperative societies (PACSS). The victory of cooperative credit movement in a district is largely depends on their financial strength. DCC bank is a key financial institution at the district level which shoulders authority of meeting credit needs of different types of cooperative in the district. At present most of district central cooperative banks are facing the problems of overdue, recovery, nonperforming assets and other problems. This paper main analysis the financial ratios of DCC bank Rajandgaon during the period 2008-2009 to 2010-2011. An analytical research design (financial ratio analysis) is following in the present study. The study is based on secondary data. Empirical results show positive & sufficient growth of DCC bank rajandgaon. The liquidity and solvency position of the bank was established to be sound.

Soni and Saluja (2013) this study based on the financial ratios of DCC Bank in Rajnandgaon. The different ratio indicating liquidity, efficiency, profitability, and solvency are taken into consideration in order to understand the financial position of the bank. The financial position of the bank examined by ratio analysis techniques and it is found that the solvency, liquidity and profitability are satisfactory. The efficiency ratios stipulated a medium level of the expenditure over the gross income. Profitability of the bank was very low due to the heavy over dues and low rate of loan recovery.

Annamalai (2014): Co-operative banking system is basically an imported concept but it has come to occupy a pivotal and important role in the economic liberation of millions of people of our nation. Cooperative bank has helps in boosting a fillip to agricultural production in the country by making available chip inconvenience free agricultural finance. A healthy co-operative banking system is necessary for Indian economy undertake to achieve growth and remains stable in competitive global business environment. In this way TDCC bank ltd in Tiruchirappalli district its services for four districts and meeting the credit demand of rural semi urban customers. With this bank basic data have been collected and analyzed the financial performance and operations planning of Tiruchirappalli district central co-operative bank ltd (TDCCBANK).

Prakash (2014): This paper study on financial performance of shave pet urban co-operative bank Salem. Banking is the important role in the Indian economy. The bank is directly accepting money as deposits from the depositors and give the loan and advance to borrowers. It allows the economy growth. The cooperative banking sector is one of the major partners of Indian banking structure. According this study is to analysis the profitability liquidity position.

Sudarsan Nayak (2014) this research paper focuses on challenges before the cooperatives. Cooperative is a largest movement in the world and strongest link, it faces number of challenges like lack of internal resources, inadequate infrastructure, competitive tier structure, apathy of members towards management, lack of responsibility, increasing sickness, dormancy, low level of professionalism, excessive government control, political interference, dominance of vested interest over management, lack of human resource development, lack of education, training and development and also provides various suggestions and strategies to handle these problems.

Ganesh and Rajur (2014) concluded in their study that the PCARDBs were not having sound liquidity position for long-term sustainability. The study also revealed that even though PCARDBs are not deposit oriented, deposits have a major role in ensuring good performance. Therefore, the study has suggested giving more focus on the deposit mobilization by providing reasonable interest for deposits.

Jain (2014) has done a comparative performance analysis of District Central Cooperative 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.

Velu (2014) in his study stated that, the bank has been slowly diverting its business operations mainly from farm sector loans. It has contributed to the profitability of the bank. Therefore, it is strongly suggested that the bank should find business activities in the non- farm sector or such identical portfolios to improve the profitability of the bank.

Vaidya Ramachandra Shelke [2015] in their article “A study of Financial performance and challenges before the D.C.C. Bank Ltd, conclude that in nutshell, the Cooperative Banks are the life blood of Indian economy and the mechanisms for any development programs. In this LPG era the cooperatives are an ideal instrument in economic and social development through strong local community.

Rajiv Kumar and Kaur Jasmindeep [2015] in their article “Financial performance of Haryana State Cooperative Apex Bank” conclude that results of the study showed that in the membership of the bank, major share was of cooperatives. Whereas, individuals and government had very less percentage share and in paid up share capital, the maximum share was in the hands of cooperative, government share was minimum in it.

Ramesh Chander and Jai Kishan Chandel [2015] in their article “An Evaluation of financial performance and viability of cooperative banks – A study of four DCCBs in

Haryana (INDIA)” finished that the present study has been an attempt to identify the financial performance and efficiency of District Central Cooperative Bank (DCCBs) operating in Hisser division in Haryana comprising of Hisser, Bharani, Fatehabad and Sirsa.

Sanjay Das [2016] in their article “Operational and financial performance analysis of Kerala cooperative Apex Bank. finished that MCAB is one of the top most cooperative banking institutions in Kerala and renders services towards the common people as friend, philosopher and guide. The bank earned consistent profit during the years from inception except a few years.

Tejani Rachana [2017] in their article “Financial performance of rural cooperative banks in Gujarat”. Conclude that There is lot of opportunity for the commercial banks to explore the rural unbanked areas. Though RRBs and PACS have good coverage but most of them are running into loss. Again, the number of kisan credit cards issued and the amount of credit granted under it is also showing a decreasing trend. Cooperative banks should seize this opportunity rather than looking at it as a social obligation.

Thiruypathi Kanchu [2017] in their article “Financial Performance evaluation of DCCBs in India”. conclude that the financial performance of the district central cooperative banks in India is analyzed using different statistical techniques. From the above analysis, it is come to an end that the growth of No. of DCCBs and their branches have negative trend up to certain period later there is negligible positive trend whereas the membership in cooperatives have been increasing.

Vijay Hooda [2017] in this article “State cooperative banks versus scheduled commercial banks: A comparison of three financial ratios”. Conclude that Even though the objectives of cooperative banks and commercial banks primarily differ, both types of banks are important for financial inclusion in particular and socio-economic development of our population in general. The present study has compared the performance of St CBs with SCBs by considering the three financial ratios.

Seema Sant and Chaudhary [2018] in this article “A study of the profitability of Urban co- operative banks”. Conclude that the analysis of different financial ratio of UCB’s operating in greater Mumbai and Jalgaon suggest that the technological changes have significantly improved the productivity and profitability margin of these banks. Further, the statistics indicate that the performance of UCB’s the greater Mumbai is significantly better than the performance of UCB’s in Jalgaon.

Ramesh Chander [2018] in their article “Financial performance evaluation of cooperative credit institutions in Haryana (India)”. conclude that However District Central Co-operative Banks (DCCBs) play pivotal role in the rural banking system yet failure/bankruptcy of these banks raise many doubts about their viability and sustenance. In the present study financial performance of four DCCBs operating in Gurgaon division have been identified and analyzed on five parameters viz. profitability, liquidity, solvency, loan and risk. The results reveal that banks performed better on one parameter but weaken on other which led to decreasing situation.

Jyoti Gupta and Suman Jain [2018] in this article “A study on cooperative banks in India with special reference to lending practices. Conclude that The financial performances of Urban Cooperative Banks (UCBs) improved in 2010-11 though there are some examine with consider to some of the UCBs reporting negative CRAR. Within the rural cooperative sector, State Cooperative Banks (St CBs) and District Central Cooperative Banks (DCCBs) reported profits but the basic level institutions, i.e., Primary Agricultural Credit Societies (PACS) continued incurring huge losses.

Muniraja Sekhar, B. Sudhir [2018] in this article “Core banking solutions in urban cooperative banks”. concluded that the technology laggard cooperative banks should realize that the economic class and age composition of their customers is already not favorable. It would clearly be difficult for laggard cooperative banks to attract new young customers if they do not increase their investments on IT in right direction with careful approach.

Dangwal and Kapoor (2018) also undertook the study on financial performance of nationalized banks in India and assessed the growth index value of various parameters through overall profitability indices. They found that out of 19 banks, four banks had excellent performance, five banks had good performance and six banks had poor performance. Thus the performance of nationalized banks differs widely

Jha DK and D S Sarangi (2019): The financial performance of seven public sector and private sector banks during the period 2014-15. They used three sets of ratio, operating performance ratio, financial ratio and Efficiency ratio. The study revealed that Axis bank was on the top of these banks followed by SCB, BOT, PNB, SBI, IDBI and HDFC.

CHAPTER-3 RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

Descriptive research design is used in this study because it will ensure the minimization of bias and maximization of reliability of data collected. descriptive study is based on the annual report of Kerala state cooperative bank.

3.2 SOURCES OF DATA

Primary data

The source of data collected from Kerala State Cooperative Bank and officials

Secondary data

The source of data was the published the annual report of Kerala State Cooperative Bank from 2014-15 to 2019-2020. And some information collected from websites, journals and research papers.

3.3 PERIOD OF STUDY

The focus of this present research study is on the financial performance of kerala state cooperative bank. For this purpose, relevant data for the period of 6 years are collected from the annual reports of the Kerala state cooperative bank.

3.4 ANALYTICAL TOOL

For analyzing the financial performance of the Kerala state Cooperative 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.

CHAPTER-4 DATA ANALYSIS AND INTERPRETATION

Table no 4.1 Current ratio = Current assets/ Current liability

Year	Current Assets	Current Liability	Ratio
2014-2015	12714301271.75	5905498625.79	2.152
2015-2016	12770712038.8	4271985715.13	2.989
2016-2017	13118591369.4	5928587469.93	2.212
2017-2018	12987452546.7	6277569109.16	2.068
2018-2019	18164964247.7	5638342482.2	3.221
2019-2020	18189348921.4	6277568976.8	2.897

Source: Annual report of KSCB, from 2014-15 to 2019-20

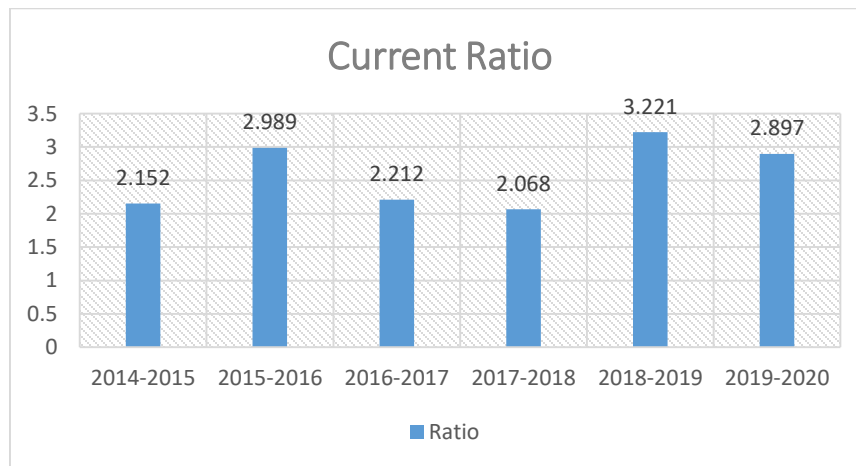


Chart no 4.1 Current ratio

INTERPRETATION

The standard norm for current ratio is 2.1. During the year 2014-2015 the current ratio is 2.152 and During the year 2015-2016 the ratio is 2.989 and it has decreased to 2.212 during the year 2016-2017 and it has decreased to 2.068 during the year 2017-2018 and it has increased to 3.221 in the year 2018-2019. It has decreased to 2.8 in the year 2019-20. Current ratio is standard norms in all the year. And least year in 2017-2018. For a healthy business and so the ratio was satisfactory.

Table no 4.2 Investment to deposits ratio = Investment/Deposits*100

Year	Deposits	Investment	Ratio
2014-2015	42972866140.26	4140395668.80	9.634
2015-2016	57486429624.07	12226980459.00	21.269
2016-2017	65299416084.46	20023711284.00	30.66
2017-2018	68011291137.53	22785896401.00	33.50
2018-2019	56007840794.62	15632380666.00	27.91
2019-2020	60367897868.57	20789563489.00	34.43

Source: Annual report of KSCB, from 2014-15 to 2019-20

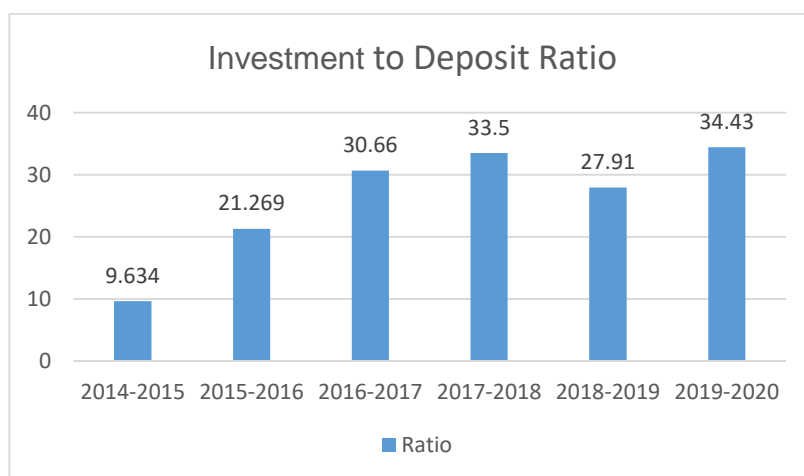


Chart no 4.2 Investment to deposits ratio

INTERPRETATION

This ratio is very important since it denotes the availability of fund to serve the depositors at sudden or in adverse situation. During the year 2014-2015 investment to deposit ratio 9.634 and increased to 21.269 in the year 2015-2016 and it is increased to 30.66 in the year 2016-2017 and it is increased to 33.5 in the year 2017-2018 and it has decreased to 27.91 during the year 2018-2019. Higher ratio in the year 2019-2020 and very low in the year 2014-2015. Bank is able to keep the interest of deposits safe and secure.

Table no 4.3 Credit to deposits ratio = Advance/Total deposits*100

Year	Advance	Deposits	Ratio
2014-2015	26946930020.63	42972866140.26	62.706
2015-2016	27439756870.04	57486429624.07	47.732
2016-2017	28855547319.33	65299416084.46	44.189
2017-2018	29349377258.67	68011291137.53	43.153
2018-2019	29408261552.55	56007840794.62	52.507
2019-2020	30145678957.44	57987654378.85	51.986

Source: Annual report of KSCB, from 2014-15 to 2019-20

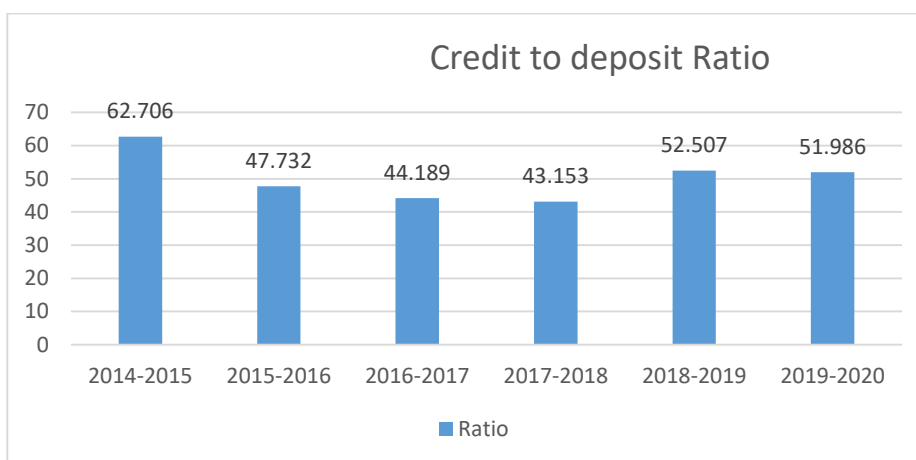


Chart no 4.3 Credit to deposits ratio

INTERPRETATION

The above table shows the ratio of credit deposit of Kerala state cooperative bank. This credit deposit ratio denotes the percentage of loan to total deposits. The credit deposit ratio is important role in deciding the profitability of the bank. During the year 2014-2015 ratio is 62.706 and it has decreased to 47.732 in the year 2015-2016 and it has decreased to 44.189 in the year 2016-2017 and it has decreased to 43.153 in the year 2017-2018 and it is increased 52.507 in the year 2018-2019 and it has decreased to 51.98 in the year 2019-2020. The table shows deposits and advance increased. but the increasing is not in same proportion which is reflected through the ratio.

Table no 4.4 Cost of deposit ratio=interest paid on deposit/deposit*100

Year	Interest paid on deposits	Total deposits	Ratio
2014-2015	3751106838.77	42972866140.26	8.729
2015-2016	3964670456.88	57486429624.07	6.896
2016-2017	4981300337.09	65299416084.46	7.628
2017-2018	5919798470.41	68011291137.53	8.704
2018-2019	4680733274.90	56007840794.62	8.357
2019-2020	5019734378.87	57456893289.87	8.736

Source: Annual report of KSCB, from 2014-15 to 2019-20

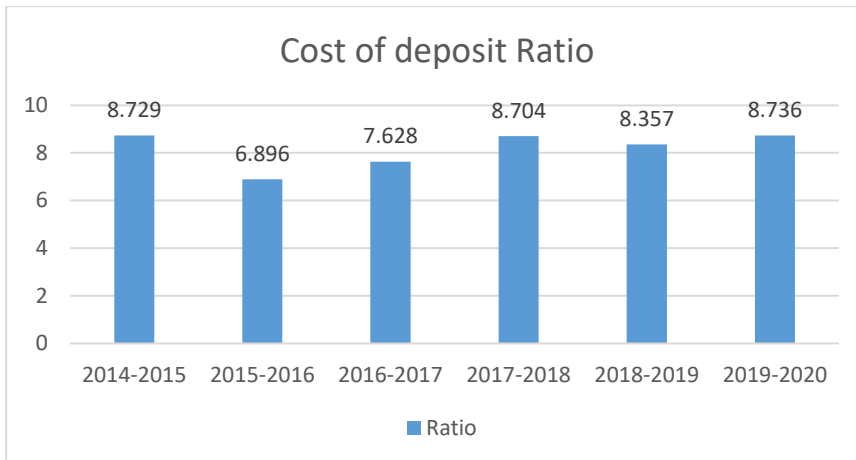


Chart no 4.4 Cost of deposit ratio

INTERPRETATION

Cost of deposits ratio denotes cost of the fund which is available for lending. During the year 2014-2015 ratio is 8.729 and it has decreased to 6.896 in the year 2015-2016 and increased to 7.628 in the year 2016-2017 and increased to 8.704 in the year 2017-2018 and it has decreased to 8.357 in the year 2018-2109 and it has increased to 8.73 in the year 2019-2020. since there is increased in deposits so there is increase in interest paid

Table no 4.5 Interest Earned Ratio=interest received on deposit/advance*100

Year	Interest received on deposit	Advance	Ratio
2014-2015	4944347881.27	26946930020.63	18.348
2015-2016	2958866659.68	27439756870.04	10.783
2016-2017	2863828775.37	28855547319.33	9.924
2017-2018	2159193335.90	29349377258.67	7.356
2018-2019	2888988583.53	29408261552.55	9.823
2019-2020	2988758976.78	30989000987.87	9.644

Source: Annual report of KSCB, from 2014-15 to 2019-20

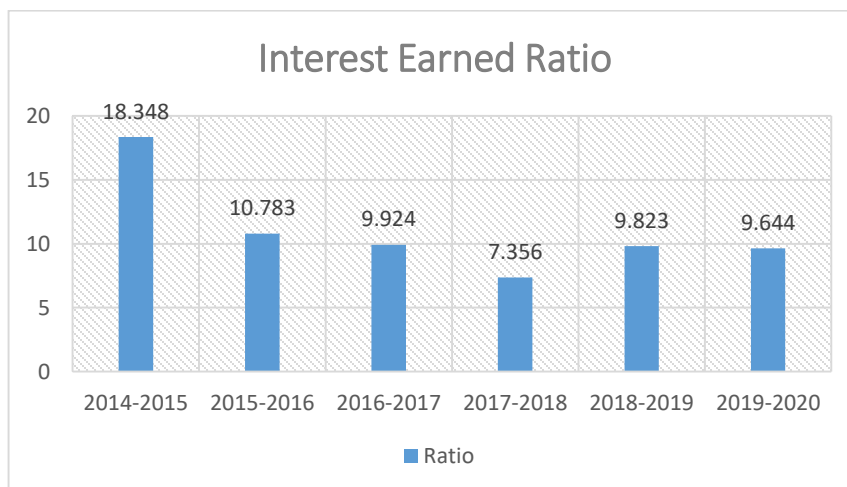


Chart no 4.5 Interest Earned Ratio

INTERPRETATION

Interest earned ratio denotes the percentage of revenue on loan and advance. It means the average interest earned on loan and advances. IER during the year 2014-2015 is 18.348 and IER decreasing to 10.783 in the year 2015-2016 and it has decreased to 9.924 in the year 2016-2017 and it is decreased to 7.356 in the year and it increased to 9.823 in the year 2018-2019 and it is decreased to 9.6 in the year 2019-2020. There is increase in advance which is show by the table. Lower the ratio and lower the profit but this kept to optimum so that bard borrowers will be available to bank

Table no 4.6 Advance to total assets ratio=Advance/total assets

Year	Advance	Total assets	Ratio
2014-2015	26946930020.63	50357878102.86	0.535
2015-2016	27439756870.04	63795101834.76	0.430
2016-2017	28855547319.33	74151088565.31	0.389
2017-2018	29349377258.67	79826886614.88	0.367
2018-2019	29408261552.55	65259295491.33	0.450
2019-2020	28768987968.86	63490876541.98	0.453

Source: Annual report of KSCB, from 2014-15 to 2019-20

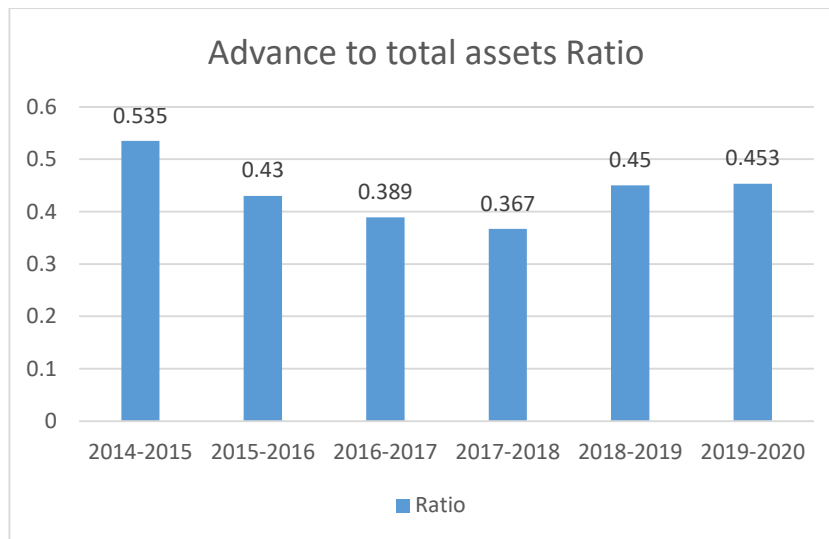


Chart no 4.6 Advance to total assets ratio

INTERPRETATION

The above table shows the ratio of advance to assets ranges. During the year 2014-2015 the ratio is 0.535 and next three continuously decreasing ratio 0.430,0.389,0.367 and increased to 0.450 in the year 2018-2019 and it is increasing ratio 0.453 in the year 2019-2020. There is a decreasing trend is observed in the ratio of advance to assets. Advance total assets ratio is indicating that the bank is careful while lending which ultimately results in better profitability.

Table no 4.7 Capital to deposit Ratio=Capital/Deposit

Year	Capital	Total deposits	Ratio
2014-2015	479855250.00	42972866140.26	0.011
2015-2016	698800800.00	57486429624.07	0.012
2016-2017	907589150.00	65299416084.46	0.013
2017-2018	1467283850.0	68011291137.53	0.021
2018-2019	1501337200.0	56007840794.62	0.026
2019-2020	1667867898.0	54098767886.15	0.030

Source: Annual report of KSCB, from 2014-15 to 2019-20

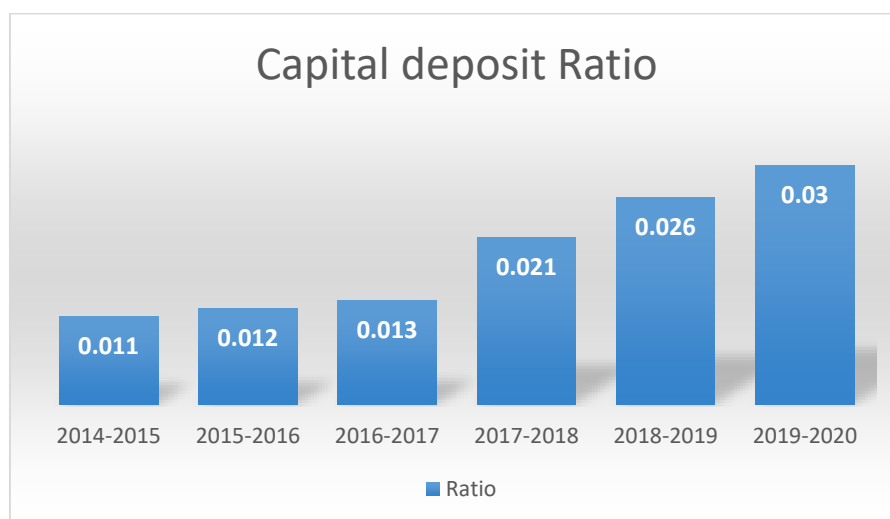


Chart no 4.7 Capital to deposit Ratio

INTERPRETATION

Capital to deposit ratio enables the bank availability to meet the contingencies of repayment of deposits. 2014-2015 the ratio is 0.11 and 2015-2016 the ratio was increasing in 0.012 and next Four years the ratio was increasing. Capital to deposit ratio is concluded that the ratio is showing increased trend in the bank

Table no 4.8 Return on total assets ratio=Net profit/Total assets*100

Year	Net profit	Total assets	Ratio
2014-2015	102196928.04	50357878102.86	0.202
2015-2016	77876815.71	63795101834.76	0.122
2016-2017	-1313533440.12	74151088565.31	-1.771
2017-2018	-3623587264.42	79826886614.88	-4.53
2018-2019	6553967.74	65259295491.33	0.100
2019-2020	198707687.89	67897654391.77	0.292

Source: Annual report of KSCB, from 2014-15 to 2019-20

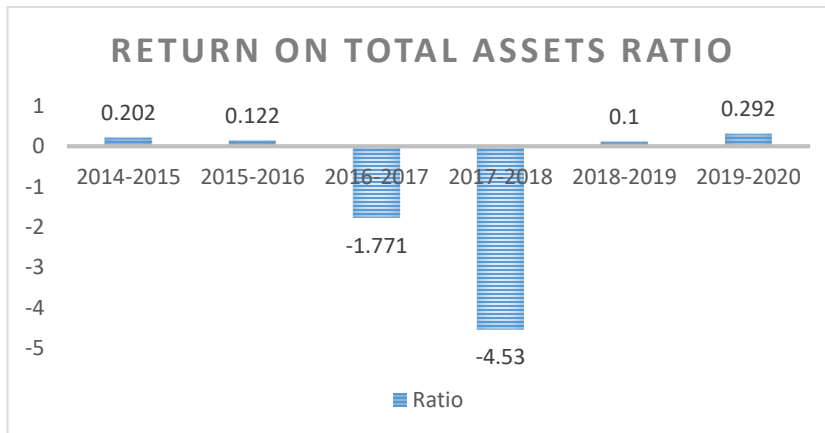


Chart no 4.8 Return on total assets ratio

INTERPRATATION

The table indicates the ratio of net profit to assets. Return on assets ratio shows that decreasing trend due to decrease in net profit. During the year 2014-2015 the ratio is 0.202 and it has decreased to 0.122 in the year 2015-2016. And during year 2016-2017 the is net loss -1.771. year of 2017-2018 is also net loss is -4.53 and during the year 2018-2019 is net profit 0.100 and 2019-2020 net profit for the bank is 0.29. So that bank has to take care of liquid assets to maintain steady position.

Table no 4.9 Net profit Margin ratio=Net profit/Total deposit*100

Year	Net profit	Total deposits	Ratio
2014-2015	102196928.04	42972866140.26	0.237
2015-2016	77876815.71	57486429624.07	0.135
2016-2017	-1313533440.12	65299416084.46	-2.011
2017-2018	-3623587264.42	68011291137.53	-5.327
2018-2019	6553967.74	56007840794.62	0.011
2019-2020	198707687.89	54098767886.15	0.367

Source: Annual report of KSCB, from 2014-15 to 2019-20

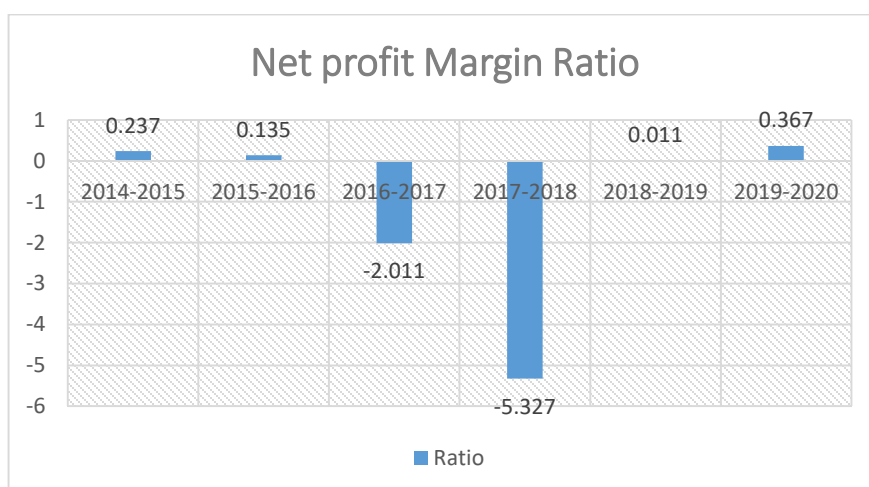


Chart no 4.9 Net profit Margin ratio

INTERPRETATION

The above table shows that's the net profit margin ratio. The ratio trend is decreasing level and 2016-2017 and 2017-2018 net loss of the years so that the ratio is minas level. And 2014-2015,2015-2016, 2018-2019 and 2019-2020 net profit for the years but ratio is decreasing. The net profit margin ratio is not satisfactory due to decreasing in net profit.

Table no 4.10 Gross NPA Ratio=Gross NPA/Gross Advance*100

Year	Gross NPA	Advance	Ratio
2014-2015	1661366899.70	26946930020.63	6.165
2015-2016	1867230084.70	27439756870.04	6.804
2016-2017	2790120784.70	28855547319.33	9.669
2017-2018	3642610770.32	29349377258.67	12.411
2018-2019	3813610770.32	29408261552.55	12.96
2019-2020	3923567896.98	28768987968.86	13.63

Source: Annual report of KSCB, from 2014-15 to 2019-20

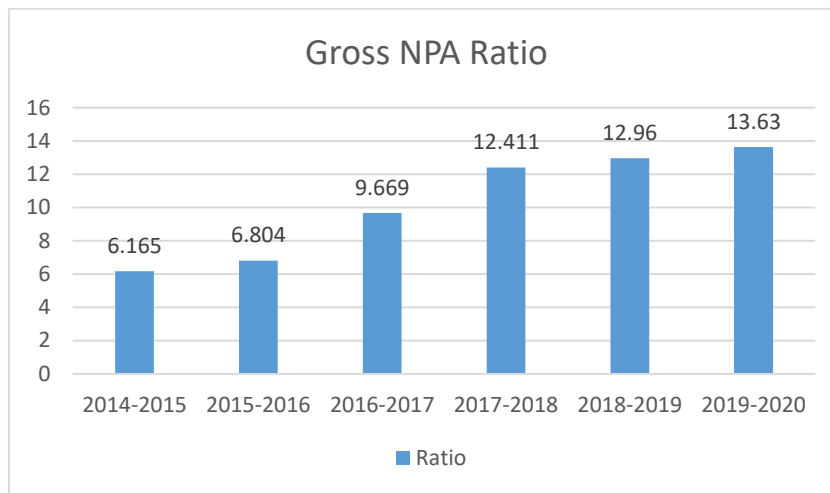


Chart no 4.10 Gross NPA Ratio

INTERPRATATION

The above table indicates quality of credit portfolio of bank. High gross NPA ratio is indicates low quality credit portfolio. We can see by graph that gross NPA ratio is high in 2019-2020 which shows low quality portfolio and reason is gross NPA has increased. Gross NPA has reduced in year 2014-2015 which shows bank afford towards making higher quality of portfolio. 2014-2015 NPA ratio is 6.165,2015-2016 NPA ratio is 6.804,2016-2017 NPA ratio is 9.669,2017-2018 NPA ratio is 12.411,2018-2019 NPA ratio is 12.96 and 2019-2020 NPA ratio is 13.63. year by year NPA ratio is increased so that bank credit portfolio is low quality.

Table no 4.11 Assets problem ratio=NPA/Total assets*100

Year	Gross NPA	Total assets	Ratio
2014-2015	1661366899.70	50357878102.86	3.299
2015-2016	1867230084.70	63795101834.76	2.926
2016-2017	2790120784.70	74151088565.31	3.762
2017-2018	3642610770.32	79826886614.88	4.563
2018-2019	3813610770.32	65259295491.33	5.843
2019-2020	3923567896.98	67897654391.77	5.778

Source: Annual report of KSCB, from 2014-15 to 2019-20

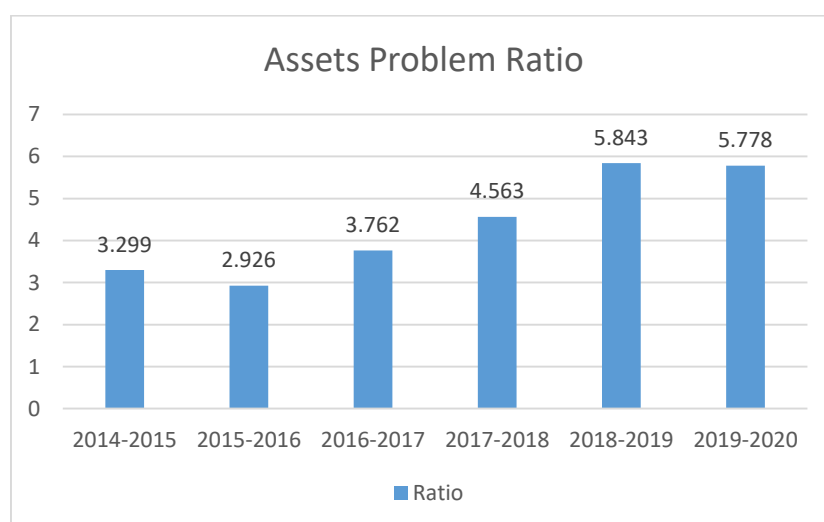


Chart no 4.11 Assets problem ratio

INTERPRETATION

Assets problem ratio has direct bearing on return on assets as well as the liquidity risk management of the bank. The high problem asset ratio means high liquidity. Assets problem ratio is gradually decreasing which shows efficient management of NPA by bank which is good indicator of banks performance. 2014-2015 APR is 3.299, 2015-2016 APR is decreased in 2.926, 2016-2017 APR is increased in 3.762, 2017-2018 APR is increased in 4.563, 2018-2019 APR is increased in 5.843 and 2019-2020 APR is decreased in 5.77. so that its bad for bank

Table no 4.12 Deposit safety ratio=Total standard assets/Total outside liability*100

Year	Total standard assets	Total outside liability	Ratio
2014-2015	1968689079.93	3268579324	60.23
2015-2016	1189566123	1763175434	67.46
2016-2017	1246798424	2631561968	47.37
2017-2018	1923567851	2664224381	72.19
2018-2019	1145678923	1731316867	66.17
2019-2020	2006789679	2789765000	71.93

Source: Annual report of KSCB, from 2014-15 to 2019-20

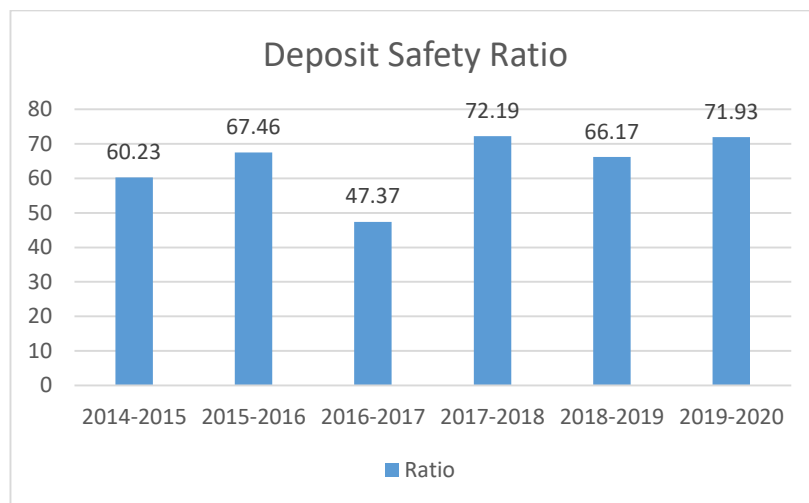


Chart no 4.12 Deposit safety ratio

INTERPRETATION

The table shows that depositary safety ratio growth. It is increasing growth of trend. Highest growth is 72.19 in the year 2017-18. Lowest growth is 47.37 in the year 2016-17. Bank has increasing depositary safety ratio.

Table no 4.13 Capital adequacy Ratio=Tier1 capital+Tier2 capital/Risk weighted assets*100

Year	Tier1capital+Tier2capital	Risk weighted assets	Ratio
2014-2015	2979855250	17008488464.85	17.51
2015-2016	3198800800	21606760589.88	14.80
2016-2017	3407589150	21425958562.93	15.90
2017-2018	7967283850	25527950309.72	31.21
2018-2019	8001337200	14062678557.40	56.89
2019-2020	8289765470	15678954328.09	52.87

Source: Annual report of KSCB, from 2014-15 to 2019-20

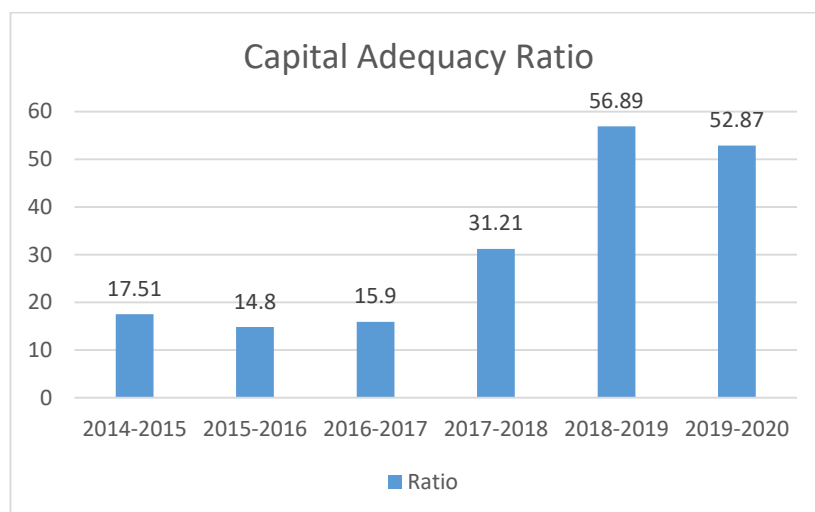


Chart no 4.13 Capital adequacy Ratio

INTERPRETATION

From the above table it is found that the CAR of the bank is above normal and satisfactory. It is at the high ratio of 56.89 in year 2018-2019 and the lowest ratio being recorded in 2016-2017 with a ratio of 15.90. KSCB capital adequacy ratio growth is increasing trend

Table no 4.14 Casa ratio=Current and Saving deposit/Total deposit*100

Year	Deposits in current and saving A/C	Total deposits	Ratio
2014-2015	8201248456	42972866140.26	19.08
2015-2016	9569043552	57486429624.07	16.64
2016-2017	10290690468	65299416084.46	15.75
2017-2018	11081238902	68011291137.53	16.29
2018-2019	12154394669	56007840794.62	21.70
2019-2020	12516787800	54987654325.98	22.76

Source: Annual report of KSCB, from 2014-15 to 2019-20

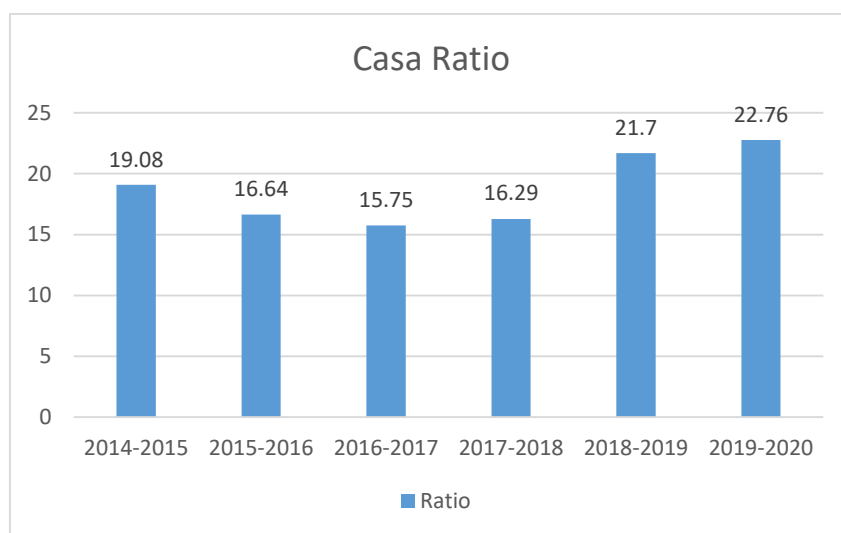


Chart no 4.14 Casa ratio

INTERPRETATION

The casa ratio of the KSCB is fluctuating trend. It is, at its high value of 22.76 % in 2019-2020 and at the lowest value of 15.75% in 2016-17. Bank casa ratio is satisfactory.

Table no 4.15 Owners funds deposit ratio=Own fund/deposit*100

Year	Owners funds	Total deposits	Ratio
2014-2015	6989345675	42972866140.26	16.26
2015-2016	9145678934	57486429624.07	15.90
2016-2017	10897654325	65299416084.46	16.68
2017-2018	11987654323	68011291137.53	17.62
2018-2019	13098765432	56007840794.62	23.38
2019-2020	15786543298	54098767886.15	29.18

Source: Annual report of KSCB, from 2014-15 to 2019-20

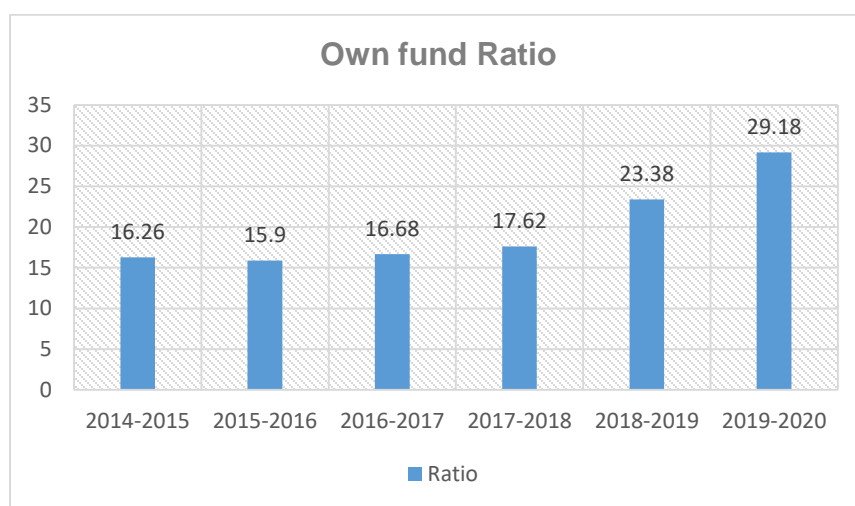


Chart no 4.15 Owners funds deposit ratio

INTERPRETATION

It is signifying the ratio of own capital to total deposit. The data about the own capital to deposit ratio is increasing trend in the table. The ideal ratio is 10%. For both the years the ratio is above 10% it means Kerala State cooperative bank is in good financial condition. There is increase in deposits and own funds and it is reflected through the ratio and bank.

4.16. Profitability Analysis

The primary objective of a business is to earn a profit. Without profit no business can continue its operation of Cooperative banks are formed with the objectives of service to members and profit is only a secondary objective. It is measures the result of the operation of the bank and its effectiveness in earning a profit. The year wise progress of KSCB is presented as follows.

Table no 4.16 Year-wise Progress of Profit of the Bank

Year	Amount	Progress in %
2014-2015	102196928.04	100
2015-2016	77876815.71	76.20
2016-2017	-1313533440.12	-1285.29
2017-2018	-3623587264.42	-3545.69
2018-2019	6553967.74	6.41
2019-2020	198707687.89	194.43

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table 4.16 shows the percentage change in of profits of the bank. On the basis of the profit in the year 2014-15, changes in profit and losses in the subsequent years are expressed in terms of percentage. The profit figures show a decreasing trend. The highest per cent increase was observed in 2015-16 which is 76.20. The 2016-17 bank have net loss in -1285.29 and 2017-18 bank net loss was increasing in-3545.69. 2018-19 bank have profit in 6.41 and 2019-20 bank have net profit 194.43. In all other years there is decrease in profits compared to the first year. The highest per cent of decrease was observed in 2017-18 which is (-3545.69%)

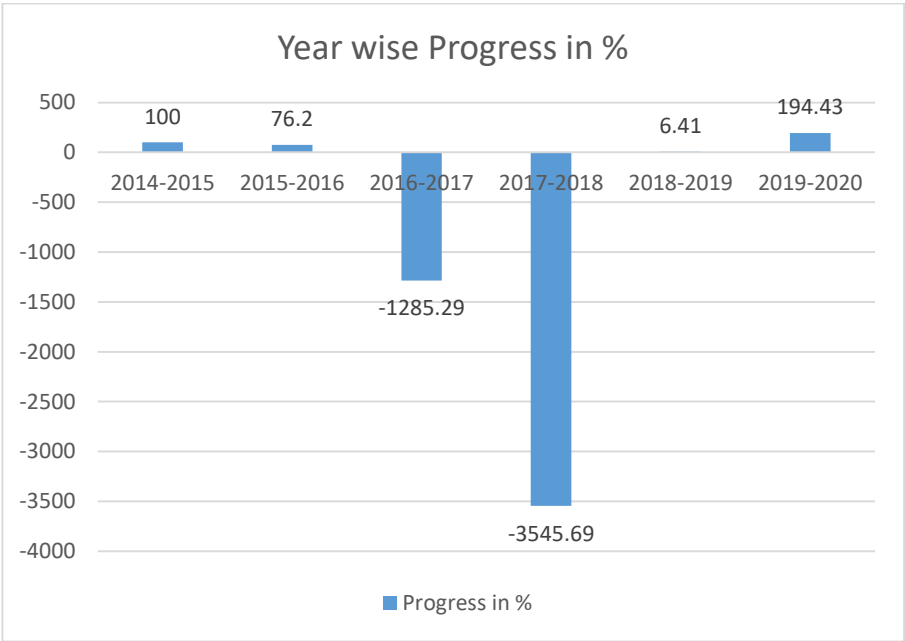


Chart no 4.16 Year-wise Progress of Profit of the Bank

Analysis of Deposits and Loans

The following are the analysis of deposits and loans of Kerala state cooperative bank. during the period from 2014-15 to 2018-19.

4.17. Fixed Deposits

A fixed deposit is a financial instrument provided by banks or NBFCs which provides investors a higher rate of interest. Than a regular savings account. Fixed deposit 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 5 and 6.75 per cent. The tenure of an FD can vary from 7 days to 10 years.

Table no 4.17 Fixed deposit and Trend change in fixed deposit of KSCB

Year	Amount deposited	Percent
2014-2015	34761317465.99	100
2015-2016	47917085853.48	139
2016-2017	55008425498.41	158
2017-2018	47929752016.56	138
2018-2019	43843247125.22	126
2019-2020	48879654357.98	140

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table shows percent growth of fixed deposits of KSCB during the study period. Fixed deposit growth is fluctuating. Fixed deposit growth highest in 2016-17 and in 2018-19 it decreased compared to the previous financial year.

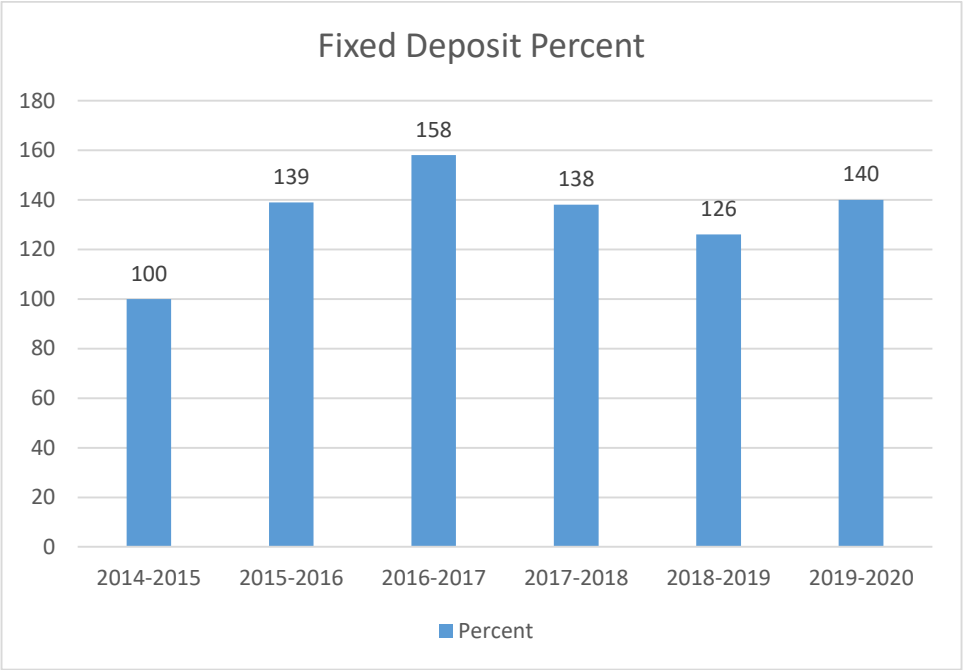


Chart no 4.17 Fixed deposit and Trend change in fixed deposit of KSCB

4. 18. Savings Bank Deposits of the Bank

Saving deposits accounts are one of the most popular deposits for individual accounts. Savings accounts not only provide cheque facility but it also has lot of flexibility for deposits and withdrawal of funds from the account. More number 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. but, 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 not open frill accounts (this term is used for accounts which do not have any minimum balance requirements). Although Public Sector Banks still pay only 3.5 per cent rate of interest, some private banks like Kotak Bank and Yes Bank pay between four per cent and 5.50 per cent on such deposits.

Table no 4.18 Saving Bank deposit and Trend change in saving deposit of KSCB

Year	Amount of deposited	Percent
2014-2015	5033387253	100
2015-2016	6628925435	132
2016-2017	6571353583	131
2017-2018	7037741290	140
2018-2019	7846787994	156
2019-2020	8509890345	169

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table shows the percentage changes in the savings deposits of KSCB during the study period. From the table it can be identified that the savings deposits show that increasing trend. Highest growth rate of saving deposit is 169 in 2019-20 and lowest growth rate of saving deposit is 131 in 2016-17. Saving deposit growth rate good in bank

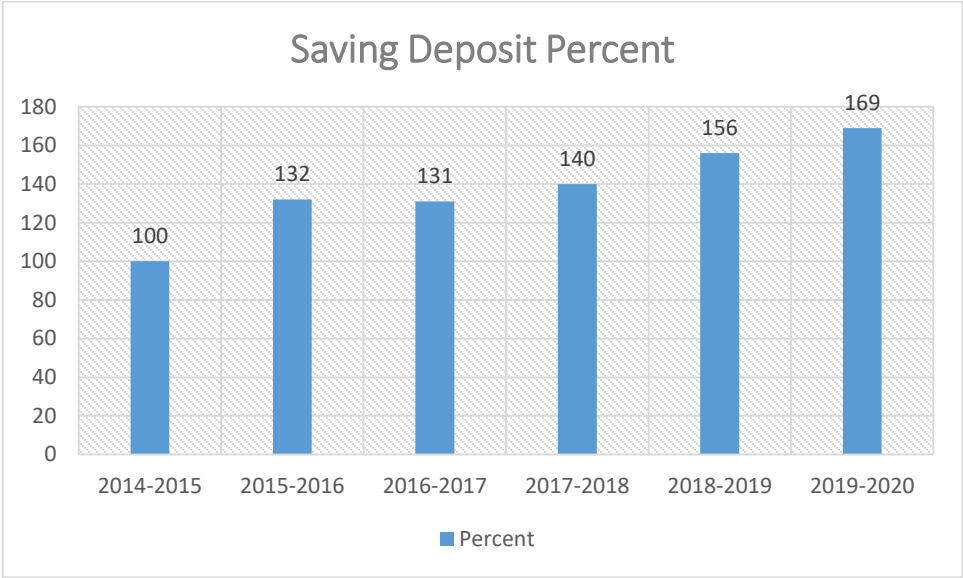


Chart no 4.18 Saving Bank deposit and Trend change in saving deposit of KSCB

4.19. Current Deposits

Current deposit is basically used 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. Mostly of the current account are opened in the names of firms / companies. Cheque book availability is provided and the account holder can deposit all types of the cheque and drafts in their name or endorsed in their favor by third parties. No interest is paid by banks on these accounts.

Table no 4.19 Current Account Balance & Trend Change in Current Account Balance of KSCB

Year	Amount deposited	Percent
2014-2015	3167861203	100
2015-2016	2940118117	93
2016-2017	3719336784	117
2017-2018	4043497612	128
2018-2019	4317505674	136
2019-2020	4509876578	142

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table shows the total amount of money available in current deposit accounts and the percentage change over the years. It is increasing trend of bank. The balance in the account ranges from Rs. 4509876578 to Rs. 3167861203.

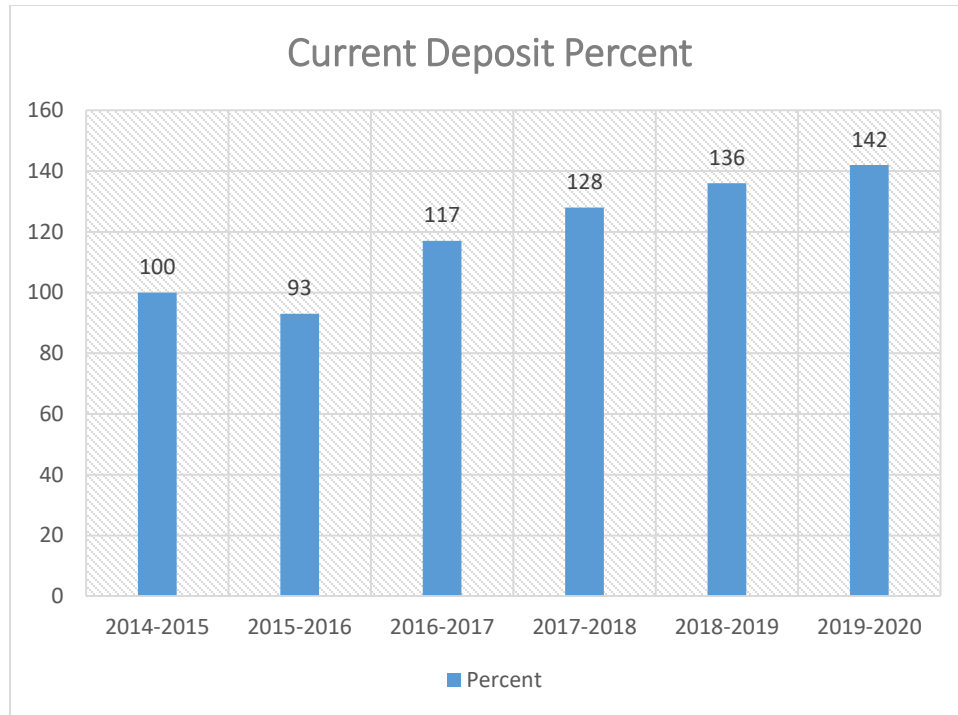


Chart no 4.19 Current Account Balance & Trend Change in Current Account Balance of KSCB

4.20. Gold Loan

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

Table no 4.20 Gold Loans Provided by KSCB and the Trend Change in Gold Loans Provided.

Year	Gold loan- Amount	Percent
2014-2015	1403444540.50	100
2015-2016	1139235558.52	81
2016-2017	1262727984.43	90
2017-2018	1249088770.08	89
2018-2019	1821130741.73	130
2019-2020	2098790879.90	150

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table shows the total amount of loans provided on the security of gold and the percentage changes based on 2014-15 to 2019-20. The changes show a fluctuating trend. Highest gold loan provides in 2019-20.

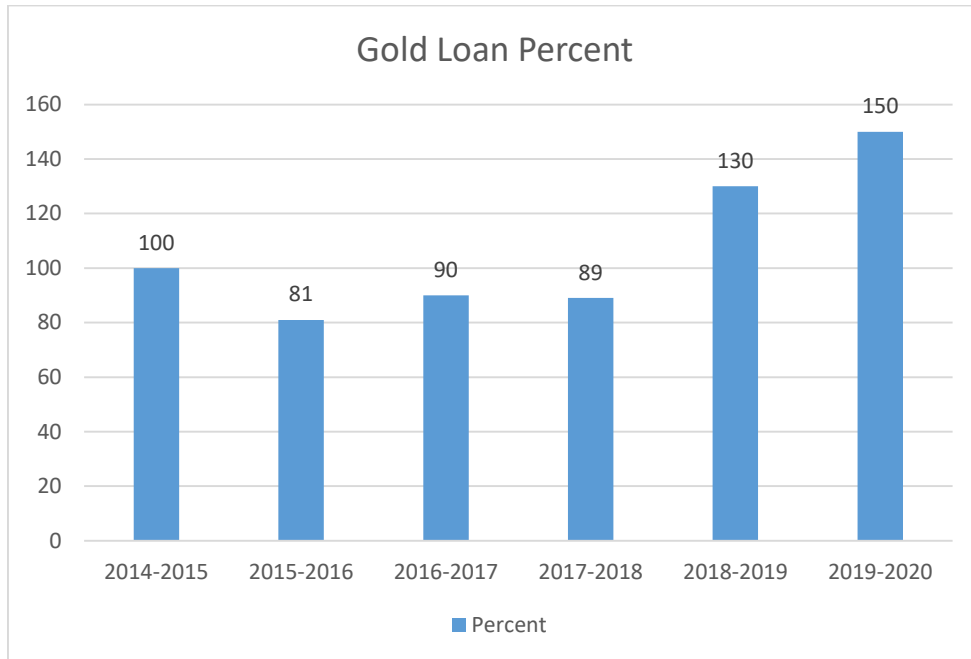


Chart no 4.20 Gold Loans Provided by KSCB and the Trend Change in Gold Loans Provided.

4.21. Short term loans

A short term loan is a type of loan that is obtained to support a temporary personal or business capital needs. Short term loan is a type of credit, it involves a borrowed capital amount and interest that needs to be paid by a given due date, which is usually within the year from getting the loan.

Table no 4.21 Short term loan provided by KSCB and the trend change in STLs provided

Year	Amount	Percent
2014-2015	8972331175.63	100
2015-2016	8795920386.46	98
2016-2017	7951682784.15	89
2017-2018	7992279747.96	89
2018-2019	10978510067.63	122
2019-2020	11987654567.54	134

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table shows that amount and percentage change in relating to short term loan. The bank has provided highest short term loan in the year 2019-2020(134). It is fluctuating trend growth.

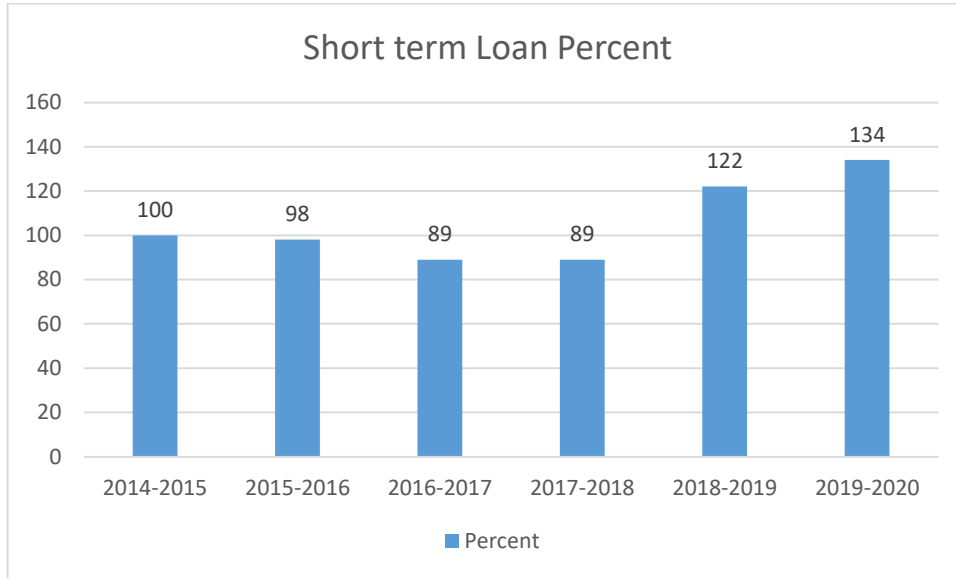


Chart no 4.21 Short term loan provided by KSCB and the trend change in STLs provided

4.22. Medium term loan

Medium term loans are loans with a repayment period is within the two to five years. Usually this loans up to 1000000 in financing, a monthly or bimonthly payment schedule, and medium market interest rate. It is typically takes two to three week to get funding with a medium term loan.

Table no 4.22 Medium term loan provided by KSCB and the trend change in MTLs provided

Year	Amount	Percent
2014-2015	13067732358.44	100
2015-2016	14075680085.93	108
2016-2017	16259785726.59	124
2017-2018	16982564616.07	130
2018-2019	13984997921.61	107
2019-2020	15678965432.76	120

Source: Annual report of KSCB, from 2014-15 to 2019-20

INTERPRETATION

The table shows the amount and percentage change of medium term loans. The loan sanctioned is remaining at the same level over the period except that in 2018-19 it decreased significantly.

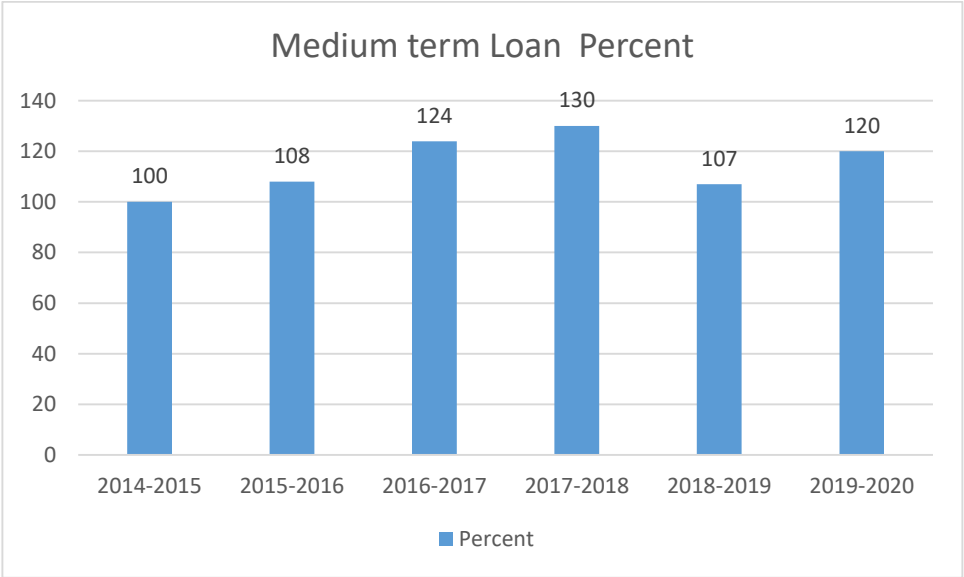


Chart no 4.22 Medium term loan provided by KSCB and the trend change in MTLs provided

CHAPTER -5

5.1 FINDINGS

- The standard norm for current ratio is 2.1. Current ratio is standard norms in all the year. For a healthy business and so the ratio was satisfactory.
- Investment to deposit ratio is increasing trend. Bank is able to keep the interest of deposits safe and secure.
- Credit to deposit ratio is fluctuating trend and its increasing is not in same proportion which is reflected through the ratio.
- Cost of deposit ratio is increased in deposits so there is increase in interest paid on depositors.
- There is increase in advance which is show by the table. Lower the ratio and lower the profit but this kept to optimum so that bank borrowers will be available to bank
- Advance total assets ratio is indicating that the bank is careful while lending which ultimately results in better profitability.
- Capital to deposit ratio is concluded that the ratio is showing increased trend in the bank.
- Return on total assets ratio has two years' net loss So that bank has to take care of liquid assets to maintain steady position.
- The net profit margin ratio is not satisfactory due to decreasing in net profit.
- Gross NPA ratio is increased trend so that bank credit portfolio is low quality.
- Assets problem ratio is increasing trend so that its bad for bank. Bank have taken immediate action.

- Depository safety ratio is increasing trend so bank depositaries good position.
- Capital adequacy ratio is increasing trend so that normal and satisfactory growth.
- Casa ratio is fluctuating trend so bank was satisfactory.
- OWN fund deposit ratio is increasing trend so the bank was satisfactory.
- Profitability analysis is 4 years' net profit and 2 years' net loss. Bank profit growth is increasing and decreasing in big difference between 2014-15 to 2019-20.
- Fixed deposit growth is fluctuating trend and highest is 158% in the year 2016-17 and lowest is 126% in the year 2018-19.
- Saving deposit growth is increasing trend and highest is 169% in the year 2019-20 and lowest is 131% in the year 2016-17.
- Current deposit growth is increasing trend and highest is 142% in the year 2019-20 and lowest is 93% in the year 2015-16.
- Gold loan growth is fluctuating trend and highest is 150% in the year 2019-20 and lowest is 81% in the year 2015-16.
- Short term loan growth is fluctuating trend and highest is 134% in the year 2019-20 and lowest is 89% in the year 2016-17.
- Medium term loan growth is fluctuating trend and highest is 130% in the year 2017-18 and lowest is 107% in the year 2018-19.

5.2 SUGGESTIONS

- The Kerala State Cooperative Bank must improve its credit deposit proportion.
- The Kerala State Cooperative Bank (KSCB) should introduce modern marketing strategies of customer insight, data measurement and integrated market communication.
- The Kerala State Cooperative Bank (KSCB) should focus on generating non-interest income.
- Profit is essential for proper functioning, administrative of the Kerala State Cooperative bank so this area should also be taken care properly.
- The Kerala State Cooperative Bank (KSCB) should improve their loan recovery system.
- It is advised to the management to manage their non-performing assets and strictly scrutinize loan procedure.
- The casa ratio of the Kerala State Cooperative Bank (KSCB) was satisfactory. The Kerala State Cooperative Bank (KSCB) should maintain the same performance in future also.
- The cost of deposit shows its highest value in 2017-18 with 8.7% the management should take necessary steps to reduce the cost of deposits.
- The KSCB should maintained present status of credit deposit ratio is found to be normal level.
- The bank must improve their profit then only can survey in future.
- 2.1 is standard current ratio, the bank has maintained above 2.1 current ratio in all the year so the business is healthy, so that bank maintained same performance in future also.
- The Kerala State Cooperative Bank should improve all deposit then only can be developing the business.
- The Kerala State Cooperative bank is fluctuating trend on all the loans, should improve gold loan, short term loan and medium term loan.

5.3 CONCLUSION

The present study is analyzed the financial performance of the Kerala State Cooperative Bank from 2014-15 to 2019-2020. From this study it found that overall performance of the Kerala State Cooperative Bank is good. The Kerala State Cooperative Bank is a major bank providing loans and advance for personal, agriculture, fisheries and other purpose. current ratio is standard rate maintained so that the ratio is satisfactory. Deposits, investment and loan and advance is increasing so that the position of the bank good. Bank interest paid on deposit is increasing but interest receiving on deposit is decreasing so that bad borrower will be available in the bank, so that bank must take immediate action. non-performing assets is increasing trend so bank credit portfolio is low quality, so that bank very fastly change the NPA position then only can recover portfolio. The total financial performance of Kerala State Cooperative bank is good.

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EVALUATION OF THE FINANCIAL PERFORMANCE OF COOPERATIVE BANK IN KERALA- KERALA STATE COOPERATIVE BANK

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ABSTRACT

A cooperative is 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 reconstructions of the country. This study is on the financial performance of Kerala State Cooperative bank (KSCB). The objective of the study is to analyze the financial performance of Kerala State Cooperative Bank. To analyze the financial performance in terms of profitability. To analyze the growth of loans and deposits during the period of study. To compare the financial performance of the period of study. The sources of data were the published annual reports of the bank from 2014-15 to 2019-2020. Financial analysis has been done with tools such as financial ratios, trend analysis etc., The study helps to understand the financial position, per cent changes in profits, deposits and loans. The study found that immediate steps are needed to improve their capital base of the bank.

Keywords: Banking, Kerala State Cooperative Bank, Financial Performance

INTRODUCTION

Cooperative bank is a financial entity which belongs to its members, who are the owners and customers of the bank. The aim of the cooperative bank is to serve its members and they have completed 100 years of existence in India. The origin of Indian cooperative banking started with the passing of cooperative societies act in 1904. The Cooperative Credit Societies Act, 1904 led to the creation of Cooperative Credit Societies in both rural and urban areas. The Cooperative Societies Act of 1912, further gave acknowledgement to the creation of non-credit societies and the central cooperative organizations. The government of Bombay passed the first state co-operative societies Act in 1925 which led to the creation of co-operative banks and the concepts of self-help, saving and mutual help. After the independent India, with the onset of planning, the cooperative organizations gained more leverage and role with the continued governmental support. Being a non-compulsory 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. Kerala State Cooperative Bank is popularly known as "Kerala Bank". Kerala State Cooperative Bank played a very significant role in the development of the local economy. Beyond that Kerala State

Cooperative Bank had a pivotal role in developing the saving habits of the people. And the study on financial analysis of Kerala State Cooperative 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. The aim of the study is to analyze the financial performance of Kerala State Cooperative Bank and compare the financial performance of period of study.

REVIEW OF LITERATURE

Nagarjuna R.C (2015) Analyzed in his paper financial performance of selected cooperative banks in Karnataka. The study helped to understand the growth and performance of Co-operative Banks in Karnataka. In order to this study the financial performance of Co-operative Banks, various financial parameters like the Capital Adequacy, Reserves, Borrowings, Liabilities and levels of Non-Performing Assets etc. were analyzed. It also examined the efficiency and effectiveness in mobilizing the deposits, lending advances, investments and recovery performance, the Operating Profit/Net Profit and suggests measures for improving the working of Cooperative Banks.

Agrawal and Solanki (2016) Analysis the growth and development of co-operative banks, the progress of cooperative banking sector, the problems, difficulties faced by them and the remedies to overcome these problems with reference to Indian economy. Some of the problems of cooperative banks in the country is NPA, infrastructural weaknesses, dependence on loan capital from government, RBI, NABARD, Lack of motivation among the staff, political interference, bad recovery of loan and advance, unethical practices, the areas of operation of the cooperative banks are restrict and limited, they are not having the modern practices of banking in their working viz. mobile banking, online banking, e-banking, ATM banking and all other modern banking execution.

Prakash (2017): This paper study on financial performance of shave pet urban cooperative bank Salem. Banking is the important role in the Indian economy. The bank is directly accepting money as deposits from the depositors and give the loan and advance to borrowers. It allows the economy growth. The cooperative banking sector is one of the major partners of Indian banking structure. According this study is to analysis the profitability liquidity position.

Soni and Saluja (2018) this study based on the financial ratios of DCC Bank in Rajnandgaon. The different ratio indicating liquidity, efficiency, profitability, and solvency are taken into consideration in order to understand the financial position of the bank. The financial position of the bank examined by ratio analysis

techniques and it is found that the solvency, liquidity and profitability are satisfactory. The efficiency ratios stipulated a medium level of the expenditure over the gross income. Profitability of the bank was very low due to the heavy over dues and low rate of loan recovery.

Annamalai (2019): Co-operative banking system is basically an imported concept but it has come to occupies a pivotal and important role in the economic district its services for four districts and meeting the credit demand of rural semi urban customers. With this bank basic data have been collected and analyzed the financial performance and operations planning of Tiruchirappalli district central co-operative bank ltd (TDCCBANK).

RESEARCH METHODOLOGY

For analyzing the financial performance of the Kerala state Cooperative bank, the following tools were applied for financial ratios, profitability analysis, analysis of deposits and loans, trend analysis and comparative study. The analysis of current ratio helped to identify the working capital position of the bank. Trend analysis is used to study the changes in profit and deposits and loans.

LIMITATION OF THE STUDY

This study focuses only on the financial performance of Kerala State Cooperative Bank grounded on secondary data. The major limitation of the study is that it considers the data only from 2014-15 to 2019-2020. 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.

DATA ANALYSIS AND INTERPRETATION

Table no 4.1 Current ratio = Current assets/ Current liability

Year	Current Assets	Current Liability	Ratio
2014-2015	12714301271.75	5905498625.79	2.152
2015-2016	12770712038.8	4271985715.13	2.989
2016-2017	13118591369.4	5928587469.93	2.212
2017-2018	12987452546.7	6277569109.16	2.068
2018-2019	18164964247.7	5638342482.2	3.221
2019-2020	18189348921.4	6277568976.8	2.897

Source: Annual report of KSCB, from 2014-15 to 2019-20

The standard norm for current ratio is 2.1. During the year 2014-2015 the current ratio is 2.152 and During the year 2015-2016 the ratio is 2.989 and it has decreased to 2.212 during the year 2016-2017 and it has decreased to 2.068 during the year 2017-2018 and it has increased to 3.221 in the year 2018-2019. It has decreased to 2.8 in the year 2019-20. Current ratio is standard norms in all the year. And least year in 2017-2018. For a healthy business and so the ratio was satisfactory.

Table no 4.2 Year-wise Progress of Profit of the Bank

Year	Amount	Progress in %
2014-2015	102196928.04	100
2015-2016	77876815.71	76.20
2016-2017	-1313533440.12	-1285.29
2017-2018	-3623587264.42	-3545.69
2018-2019	6553967.74	6.41
2019-2020	198707687.89	194.43

Source: Annual report of KSCB, from 2014-15 to 2019-20

The table 4.2 shows the percentage change in of profits of the bank. On the basis of the profit in the year 2014-15, changes in profit and losses in the subsequent years are expressed in terms of percentage. The profit figures show a decreasing trend. The highest per cent increase was observed in 2015-16 which is 76.20. The 2016-17 bank have net loss in -1285.29 and 2017-18 bank net loss was increasing in-3545.69. 2018-19 bank have profit in 6.41 and 2019-20 bank have net profit 194.43. In all other years there is decrease in profits compared to the first year. The highest per cent of decrease was observed in 2017-18 which is (-3545.69%)

Table no 4.3 Fixed deposit and Trend change in fixed deposit of KSCB

Year	Amount deposited	Per Cent
2014-2015	34761317465.99	100
2015-2016	47917085853.48	139
2016-2017	55008425498.41	158
2017-2018	47929752016.56	138
2018-2019	43843247125.22	126
2019-2020	48879654357.98	140

Source: Annual report of KSCB, from 2014-15 to 2019-20

The table 4.3 shows percent growth of fixed deposits of KSCB during the study period. Fixed deposit growth is fluctuating. Fixed deposit growth highest is 158 in 2016-17 and in 2018-19 it decreased in 126 compared to the previous financial year.

Table no 4.4 Saving Bank deposit and Trend change in saving deposit of KSCB

Year	Amount of deposited	Per Cent
2014-2015	5033387253	100
2015-2016	6628925435	132
2016-2017	6571353583	131
2017-2018	7037741290	140
2018-2019	7846787994	156
2019-2020	8509890345	169

Source: Annual report of KSCB, from 2014-15 to 2019-20

The table 4.4 shows the percentage changes in the savings deposits of KSCB during the study period. From the table it can be identified that the savings deposits show that increasing trend. Highest growth rate of saving deposit is 169 in 2019-20 and lowest growth rate of saving deposit is 131 in 2016-17. Saving deposit growth rate good in bank.

Table no 4.5 Current Account Balance & Trend Change in Current Account Balance of KSCB

Year	Amount deposited	Per Cent
2014-2015	3167861203	100
2015-2016	2940118117	93
2016-2017	3719336784	117
2017-2018	4043497612	128
2018-2019	4317505674	136
2019-2020	4509876578	142

Source: Annual report of KSCB, from 2014-15 to 2019-20

The table 4.5 shows the total amount of money available in current deposit accounts and the percentage change over the years. It is increasing trend of bank. The balance in the account ranges from Rs 4509876578 to Rs 3167861203.

Table no 4.6 Short term loan provided by KSCB and the trend change in STLs provided

Year	Amount	Per Cent
2014-2015	8972331175.63	100
2015-2016	8795920386.46	98
2016-2017	7951682784.15	89
2017-2018	7992279747.96	89
2018-2019	10978510067.63	122
2019-2020	11987654567.54	134

Source: Annual report of KSCB, from 2014-15 to 2019-20

The table 4.6 shows that amount and percentage change in relating to short term loan. The bank has provided highest short term loan in the year 2019-2020(134). It is fluctuating trend growth.

Table no 4.7 Medium term loan provided by KSCB and the trend change in MTLs provided

Year	Amount	Percent
2014-2015	13067732358.44	100
2015-2016	14075680085.93	108
2016-2017	16259785726.59	124
2017-2018	16982564616.07	130
2018-2019	13984997921.61	107
2019-2020	15678965432.76	120

Source: Annual report of KSCB, from 2014-15 to 2019-20

The table 4.7 shows the amount and percentage change of medium term loans. The loan sanctioned is remaining at the same level over the period except that in 2018-19 it decreased significantly.

RESULTS AND DISCUSSION

The standard norm for current ratio is 2.1. Current ratio is standard norms in all the year. For a healthy business and so the ratio was satisfactory. And profitability analysis is 3 years' net profit and 2 years' net loss. Bank profit growth is increasing and decreasing in big difference between 2014 to 2020. Fixed deposit growth is fluctuating trend and highest is 158% in the year 2016-17 and lowest is 126% in the year 2018-19. Saving deposit growth is increasing trend and highest is 169% in the year 2019-20 and lowest is 131% in the year

2016-17. Current deposit growth is increasing trend and highest is 142% in the year 2019-20 and lowest is 93% in the year 2015-16. Short term loan growth is fluctuating trend and highest is 134% in the year 2019-20 and lowest is 89% in the year 2016-17. Medium term loan growth is fluctuating trend and highest is 130% in the year 2017-18 and lowest is 107% in the year 2018-19. The bank must improve their profit then only can survey in future. 2.1 is standard current ratio, the bank has maintained above 2.1 current ratio in all the year so the improve all deposit then only can be developing the business. The Kerala State Cooperative bank is fluctuating trend on all the loans, should improve gold loan, short term loan and medium term loan.

CONCLUSION

The present study is analyzed the financial performance of the Kerala State Cooperative Bank from 2014-15 to 2019-2020. From this study it found that overall performance of the Kerala State Cooperative Bank is good. The Kerala State Cooperative Bank is a major bank providing loans and advance for personal, agriculture, fisheries and other purpose. current ratio is standard rate maintained so that the ratio is satisfactory. Deposits, investment and loan and advance is increasing so that the position of the bank good. Bank interest paid on deposit is increasing but interest receiving on deposit is decreasing so that bad borrower will be available in the bank, so that bank must take immediate action. non-performing assets is increasing trend so bank credit portfolio is low quality, so that bank very fastly change the NPA position then only can recover portfolio. The total financial performance of Kerala State Cooperative bank is good.

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