

## A STUDY OF PERFORMANCE EVALUATION OF CO - OPERATIVE BANKS IN THE SANGLI DISTRICTS



**T. K. Jadhav**

Sahakar Bhushan S.K. Patil, College, Kurundwad, Tal. Shirol, Dist.Kolhapur, Sate-Maharashtra.

**Abstract:** Banking system plays a very significant role in the economy of a country. It is central to a nation's economy as it caters to the needs of credit for all the sections of the society. Banks in India can be broadly classified under two heads — commercial banks and co-operative banks. While commercial banks (nationalised banks, State Bank group, private sector banks, foreign banks and regional rural banks) account for an overwhelming share of the banking business, co-operative banks also play an important role. Today co-operative banks in India are facing stiff competition for survival and keep their identity and a place in the global world. The object of the present study to evaluate the performance of co-operative banks in Sangli district in terms of financial position, deposit mobilization, loans and advances and the customers services.

**Keywords:** Banking System, Co-operative Banking, Performance Evaluation, Deposit Mobilization, Customer Services.

## I

**1.INTRODUCTION**

A co-operative organization is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. The achievement of co-operative movement in banking sector is recognized throughout the world. The co-operatives have played a very important role in the socio-economic upliftment of the weaker section of the society. The beginning of the co-operative movement in various walks of life has established new milestones in the welfare of individual and society.

The urban co-operative credit movement was started at first in Germany and then it spread over the world. The first urban credit bank in India was made in the Gujarat state and in the Maharashtra the first urban co-operative bank was registered on the 9th January, 1906 at Pune named as 'Defence accounts co-operative bank Ltd.

**NEED OF THE STUDY:**

This study covers overall performance position of co-operative bank in the Sangli districts. The evaluation of performance is made on the basis of regular members, number of branches of the bank, share capital, Working capital, reserve funds, deposit, loan, profitability, audit class, financial position and customer services.

This study will help in improving the efficiency and overall working of the co-operative bank. In the Sangli districts there are 21 co-operative banks registered but 4 co-operative banks are not in good position and remaining 17 banks are run in well financial position.

**OBJECTIVES OF THE STUDY:**

The present study is carried out with the following objectives.

- 1) To analyse financial position of the co-operative banks in the Sangli districts.
- 2) To evaluate the deposits and loans of the co-operative bank.
- 3) To evaluate the profitability of the co-operative bank.
- 4) To evaluate the customer services rendered by the co-operative bank.
- 5) To present observations, conclusions and make suggestions for improving the performance of the co-operative bank in the Sangli districts.

**HYPOTHESES OF THE STUDY:**

- 1) The co-operative banks provide good services to the customers in the Sangli districts.
- 2) The co-operative banks have increased the efficiency of employees & management.
- 3) The operational ratios of the co-operative banks are satisfactory.

**METHODOLOGY OF THE STUDY:****Title of the study:**

“A study of performance evaluation of Co-Operative Banks in the Sangli districts”

**Research period:**

The study is dependent on primary and secondary data. The period of study is only limited to the accounting year 2012-13.

**Data collection:**

We have collected information and data by the way of primary and secondary method

**Primary method:**

We have collected primary data & information through the interview of the board of directors, employees and members, also with the help of questionnaires and my own observation.

**Secondary method:**

We have collected secondary data from various sources as given below.

- 1)Annual reports of the co-operative banks of the Sangli district.
- 2)Annual reports of the district co-operative board ltd. Sangli.
- 3)Journals, periodicals, and news papers.
- 4)Research papers published in conference and seminars.
- 5)Internets.

**Limitation of the study:**

- 1)The study is limited to only co-operative banks in Sangli districts.
- 2)The study is limited to only one financial year i.e. 2012-13
- 3)The study is limited to only performance evaluation.

**Data analyses & Interpretations:**

- 1)Profile of the co-operatives banks in the Sangli districts.

There are 21 registered co-operative banks in Sangli district. Out of which 4 banks are not in good financial position. The following table gives details of the branches, members, shareholders, working capital, reserve funds, deposits, loans, profits of cooperative banks in Sangli district.

**Table No. 1.1**  
**Profile of the co-operatives banks in the Sangli districts.**  
**(Figures in lacks)**

Sr. No.	Name of the co-op bank	No of branches	Members	Share capital	Working Capital	Reserve fund	Deposit	Loan	Profit	Audit class
1	Sangli urban co-op bank Ltd.	35	59085	1503	56696	5594	50137	34575	114	A
2	Sangli district primary teacher co-op bank Ltd.	17	6833	1454	18997	279	16105	12602	87	A
3	Shri Laxmi mahila sahakari bank Ltd.	05	6618	57	1406	196	1128	739	04	B
4	Rajarambapu sahakari bank	28	24963	1436	69023	5420	66925	40316	510	A
5	MD.Pawar peoples co-op bank Ltd.	02	3642	91	2029	158	1664	1097	17	B
6	Shri Laxmi sahakari bank-maisal Ltd.	01	2452	76	1122	134	840	591	13	B
7	Jat urban co-op bank	02	2567	87	3252	483	2596	1719	19	A
8	Sarjeraodada nanik shirala co-op bank	10	4844	232	6077	283	5317	2880	26	A
9	Tasgaon urban co-op bank	07	7007	90	5981	744	4842	3446	34	A
10	The babasaheb deshमुख co-op bank Atpadi	04	2960	161	4995	591	4250	3027	24	A
11	Mansin co-op bank duchondi	04	4190	144	4510	194	4046	2386	15	A
12	The Vita marchand co-op bank	29	19518	790	19309	3264	15926	9431	-	C

## 2) The Performance According to the Branches

The above table shows the classification of co-operative banks according to the number of branches. As table shows that the, majority of the banks has up to 10 branches i.e.58.82%. Only one bank is working in sangli district that has more than 30 branches i.e.5.89%.

**Table no, 1.2**  
**Performance According to the Number of Branches.108**

Sr.No	Branches	No of banks	Percentages (%)
1	Upto 10 branches	10	58.82
2	11 to 20 branches	04	23.53
3	21 to 30 branches	02	11.76
4	Above 30 branches	01	05.89
	<b>Total</b>	<b>17</b>	<b>100.00</b>

### 3) Performance According to Number of Members

The members of the co-operative banks are customers which give deposits and to whom banks lend money. As shown in the table below indicate that the maximum 8 banks has members up to 5000 i.e.47.05%, and up to 10000 members in a 5 banks and only 2 banks are working in the district that is above 20000 memberships i.e.11.77%.

**Table no.1.3**  
**Number of members of the co-operatives bank**

Sr.No	Particular's	No of banks	Percentages (%)
1	Upto 5000	08	47.05
2	5001 to 10000	05	29.42
3	ttol 10001 to 20000	02	11.76
4	Above 20000	02	11.77
	<b>Total</b>	<b>17</b>	<b>100.00</b>

### 4) Performance According to Share Capital

The table below gives the classification of co-operative banks according to share capital. The members of the cooperative banks contribute to the share capital. Table No. 1.4 indicates share capitals of the co-operatives banks up to Rs.100 lacks i.e. 6 banks, up to Rs 500 lacks i.e.6 banks, and 3 banks has share capital more than Rs. 1000 lakhs i.e.17.65%

**Table no.1.4**  
**Share capital (Rs in lacks)**

Sr. No.	Particular's	No of banks	Percentages (%)
1	Up to 100	06	32.29
2	101 to 500	06	32.29
3	501 to 1000	02	11.76
4	Above 1000	03	17.65
	<b>Total</b>	<b>17</b>	<b>100.00</b>

**5)Performance According to Working Capital**

Majorities of the 8 co-operatives banks has working capital up to 5 crors i.e. 47.05% and the 2 banks has up to 10 crors i.e.11.76%, only 5 banks has up to 20 crors working capital i.e.29.42% and two banks has more than 20 crors i.e.11.77%.

**Table no.1.5**  
**Working capital (Rs.in crors)**

Sr. No	Particular's	No of banks	Percentags (%)
1	Up to 5 crors	08	47.05
2	6 to 10 crors	02	11.76
3	11 to 20 crors	05	29.42
4	Above	02	11.77
	<b>Total</b>	<b>17</b>	<b>100.00</b>

**6)Performance According to Reserve Fund**

Reserve fund is very important factor of the co-op banks. In the Sangli district 9 banks has 500 lacks reserve fund i.e.52.94% and only 3 banks has above 2 crors i.e.17.65.

**Table 1.6**  
**Reserve fund (Rs in lacks)**

Sr. No.	Particular's	No of banks	Percentages (%)
1	Up to 500 lacks	09	52.94
2	501 to 1000 lacks	03	17.64
3	1001 to 2000 lacks	02	11.77
4	Above 2000 lacks	03	17.65
	<b>Total</b>	<b>17</b>	<b>100.00</b>

**7)Performance According to Mobilization of Deposits**

Table shows that the, 9 banks has deposits up to 5 crors i.e.52.94% and 3 banks has 10 & 20 crors respectively. Only two banks have deposits more than 20 crors i.e.11.77%.

**Table 1.7**  
**Deposits of co-operatives banks (rs.in crors)**

Sr. No.	Particular's	No of banks	Percentages (%)
1	Up to 5 crors	09	52.94
2	6 to 10 crors	03	17.64
3	11 to 20 crors	03	17.65
4	Above	02	11.77
	<b>Total</b>	<b>17</b>	<b>100.00</b>

**8)Performance According to Loan Distribution**

Co-operatives banks provided loan to his members as per rule and regulations. It is indicated that the, majority 10 banks are distributed loan up to 5 crors i.e.58.82% and two banks has above 20 crors i.e.11.77%.

**Table 1.8**  
**Loans distribution of co-operatives banks (Rs.in crors)**

Sr. No.	Particular's	No of banks	Percentages (%)
1	Up to 5 crors	10	58.82
2	6 to 10 crors	03	17.64
3	11 to 20 crors	02	11.77
4	Above	02	11.77
	<b>Total</b>	<b>17</b>	<b>100.00</b>

#### 9) Performance According to Profitability

In the sangli district co-operatives banks are running in good position so that the, 7 banks has profit up to Rs.20 lacks i.e.41.18% and 4 banks has profit up to Rs.100 lacks i.e. 23.52% and only 2 banks has profit more than one crors i.e.11.77%.

**Table 1.9**  
**Profitability of the co-operatives banks (Rs.in lacks)**

Sr.no.	Particular's	No of banks	Percentages (%)
1	Up to 10 lacks	01	5.88
2	11 to 20 lacks	07	41.18
3	21 to 50 lacks	03	17.65
4	51 to 100 lacks	04	23.52
5	Above 100	02	11.77
	<b>Total</b>	<b>17</b>	<b>100.00</b>

#### 10) Performance According to Audit Class

Table no.1.10 shows that the, majority 11 banks has got audit class 'A' i.e.64.71%, only 4 banks got 'B' audit class i.e.23.53%, one bank is in 'C' class and one bank is in got 'No class'

**Table 1.10**  
**Audit class wise performance of co-operative banks**

Sr.no.	Particular's	No of banks	Percentages (%)
1	A class	11	64.71
2	B class	04	23.53
3	C class	01	05.88
4	No class	01	5.88
	<b>Total</b>	<b>17</b>	<b>100.00</b>

#### FINDINGS & SUGGESTIONS :

- 1) We find that the, majority of the banks has up to 10 branches i.e.58.82%. Only one bank is working in sangli district that has more than 30 branches i.e.5.89%.
- 2) It is indicate that the maximum 8 banks has members up to 5000 i.e.47.05%, and up to 10000 members in a 5 banks and only 2 banks are working in the district that is above 20000 memberships i.e.11.77%.
- 3) Share capitals of the co-operatives banks up to Rs.100lacks i.e.6 banks, up to Rs 500lacks i.e.6 banks, and 3 banks has share capital more than one crors i.e.17.65%.
- 4) Majorities of the 8 co-operatives banks has working capital up to 5 crors i.e. 47.05% and the 2 banks has up to 10 crors i.e.11.76%, only 5 banks has up to 20 crors working capital i.e.29.42% and two banks has more than 20 crors i.e.11.77%.

- 5) Reserve fund is a part of the co-op banks, in the sangli district 9 banks has 500lacks reserve fund i.e.52.94% and only 3 banks has above 2 crors i.e.17.65.
- 6) We found that the, 9 banks has deposits up to 5 crors i.e.52.94% and 3 banks has 10 &20 crors respectively. Only two banks have deposits more than 20 crors i.e.11.77%.
- 7) Co-operatives banks provided loan to his members as per rule and regulations. It is indicated that the, majority 10 banks are distributed loan up to 5 crors i.e.58.82% and two banks has above 20 crors i.e.11.77%.
- 8) In the sangli district co-operatives banks are running in good position so that the,7 banks has profit up to Rs.20 lacks i.e.41.18% and 4 banks has profit up to Rs.100 lacks i.e. 23.52% and only 2 banks has profit more than one crors i.e.11.77%.
- 9) We shows that the, majority 11 banks has got audit class 'A' i.e.64.71%, only 4 banks got 'B' audit class i.e.23.53%, one bank is in 'C' class and one bank is in got 'No class'

### CONCLUSION

Co-operative banks have made decent progress since its establishment. It played an important role for development of Sangli district. It have been mobilizing saving from every aspect of the people and disbursed loans to industry, agriculture, and ordinary people. Almost 65% of the co-operative banks in the Sangli district have obtained “A” audit class and all these banks are continuously earning profits. This indicates these banks are in good financial position. However there banks should prepare themselves to face cut throat competition to nationalized, private, and foreign banks in the days of globalization.

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