Analysis of the financial performance of co-operative banks in Bijapur District (Karnataka State): A comparative study

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ABSTRACT:

Financial performance of a bank indicates the strength and weakness of that particular bank by properly establishing the association between the items of the balance sheet and profit & loss account. The researcher has undertaken the study of financial performance of all the 20 Co-operative Banks in Bijapur District, Karnataka State for the period from 2008-09 to 2012-13. The research is descriptive and analytical in nature. The data used for the study was secondary in nature. The data used for the study was to compare the financial performance of all co-operative banks on the basis of financial ratios such as Net Worth Ratio, Debt Equity Ratio, Non Performing Asset, Credit Deposit Ratio, Current Liabilities to Net worth Ratio, Total Investment and Total Advance to Total Deposits Ratio, Long term Deposits to Total Deposits Ratio, Net Capital Ratio. The study found that SSCB & BDCCB banks were the best performing bank. The result of the ANOVA test disclosed that there is a significant difference in all the ratios among different co-operative banks under study. The study concluded that there is statistically significant difference in the financial performance of the co-operative banks in Bijapur district, Karnataka state, but still there is a need for overall improvement in the co-operative banks to make their position strong in the competitive market.

Keywords: financial performance, co-operative banks, financial ratios etc.

1. INTRODUCTION: A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts etc.). Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and

have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a co-operative federation or central body.

The present study deals with analysis of the financial performance of Co-operative Banks in Bijapur District, (Karnataka state): A Comparative Study, which are organized in financial services. All the co-operatives banks of Bijapur District are selected for the study. For analyzing the performance of Co-operative Banks the data related to all the Co-operative banks for the past five years viz. 2008-09 to 2012-2013 have been collected and various techniques of measuring performance like Ratio Analysis and statistical techniques have been applied to analyze and drew conclusion.

2.NEED FOR THE STUDY:

Due to certain changes in the banking sector and new economic policies, the co-operative sectors underwent a crisis. At the same time the failure of some good Schedule Banks and Urban Banks has also attracted the attention of the people and raised the question of security of their funds. So that need to the find actual financial stability of the Co-operative banks and assure investors about the operational as well as financial efficiency of the Co-operative banks.

Distinctive feature of the Co-operative Banks as compared to other banks have motivated the researcher to undertake research on the financial position of the CBs. In fact that no research has been undertaken in relation to financial aspects of Co-operative Banks which are operating in Bijapur District, Karnataka. Therefore, the researcher has undertaken the research study entitled "Analysis of the financial performance of Co-operative Banks in Bijapur District, (Karnataka state): A Comparative Study"

3.STATEMENT OF THE PROBLEM:

The Co-operative credit institutions have been facing innumerable prominent problems. Huge administrative expenses and lack of management skill of the employee are the major problems of the co-operative banks in India. This is because of lack of training and education to the employees. They are expected to provide better services on par with the nationalized banks and even better than them.

Competition is another force that makes the problem more acute. Emergence of the private banks including the foreign banks made the accesses to banking services easier than before

especially to the urban people. It makes the competition stiffer than before at least to retain the people who have been banking with the co-operative banks. However co-operative banks have had an edge over others in terms of their nearness with the customers. It is necessary for them to provide efficient services and also to win the confidence of the shareholders, depositors and the common public by making their financial position lucrative. But the prevailing situation reveals a different condition.

Poor performance is recovery of loans and sanction of loans without proper security, changing government policies relating to the sanction and recovery of loans given to the people attitude of the debtors also pose a major hurdle to the growth and development of co-operative banking system in India.

4. RESEARCH QUESTIONS:

The researcher would address the following questions:

1. What extent does the financial performance affect the co-operative banks in Bijapur District?

2. Whether the Co-operative Banking sector in Bijapur District is financially efficient or not?

5. OBJECTIVES OF THE STUDY:

The broader objectives of the study are as under:

1. To examine the financial efficiency of co-operative banks in Bijapur district.
2. To suggest to improve efficiency of Co-operative Banks of Bijapur district.

6. HYPOTHESIS TESTING:

Null Hypothesis

There is no significant difference in financial efficiency of all the Co-operative banks of Bijapur district.

SCOPE OF THE STUDY: The scope of the study is defined in terms of financial aspects and period under focus.

1. The researcher has taken up 20 co-operative banks for her study. These 20 banks are drawn from 5 Talukas in Bijapur district.
2. The study is based on the annual reports of the banks for a period of 5 years from 2008-09 to 2012-13.
3. The performance of the co-operative banks was measured through financial ratios.

7. LIMITATIONS OF THE STUDY:

1. It only considered a sample of co-operative banks in Bijapur District, Karnataka; public, private & foreign banks were not considered for the present study.
2. The study is based on secondary data; no primary data has been used for the present study.
3. Only quantitative factors (such as manager competency, market share of banks, exposure to international markets) were ignored.

8. RESEARCH METHODOLOGY:

Sources of Data: The study is based on secondary data. The secondary data consists of the annual reports of co-operative banks in Bijapur district. Various other reports like co-operative journals, co-operative diary and from the web sites available on net.

Period of Study: The present study covers the span of five years i.e. from 2008-09 to 2012-2013.

Sampling Design: In this study, all 20 co-operative banks (pupulation study/census survey) in Bijapur district have been included for the study.

A. BIJAPUR CITY:

1. The Bijapur District Central Co-operative Bank Ltd. Bijapur (BDCCB).
2. Shri Shiddheshwar Co-operative Bank Ltd., Bijapur (SSCB).
3. Bijapur Sahakari Bank Niyamit, Bijapur (BSBN).
4. Bijapur Zilla Sarakari Naukarar Sahakari Bank Niyamit, Bijapur (BZSNSBN).
5. The Bijapur Mahalaxmi Urban Co-operative Bank Ltd., Bijapur (BMUCB).
6. Bijapur District Mahila Co-operative Bank Ltd., Bijapur (BDMCB).
7. The Deccan Urban Co-operative Bank Ltd., Bijapur (DUCB).
8. Chaitanya Mahila Sahakari Bank Ltd. Bijapur (CMSB).

B. MUDDEBIHAL TALUK

1. The Karnataka Co-operative Bank Ltd., Muddebihal (KCB).

2. The Talikoti Sahakari Bank Niyamit, Talikoti (TSBN).

3. The Muslim Co-operative Bank Ltd., Talikoti (MCB).

4. The Bhavasar Kshatriya Co-operative Bank Ltd., Talikoti (BKCB).

5. Shri Sharana Veereshwar Sahakari Bank Niyamita, Nalatwad (SSVSBN).

C. SINDGI TALUK

1. Sindgi Urban Co-operative Bank Sindgi (SUCB).

2. Basaveshwar Pattan Co-operative Bank, Sindgi (BPCB).

3. Shree Pragati Pattan Sahakari Bank Niyamit, Devar Hipparagi (SPSBN).

4. Almel Co-operative Bank, Almel (ACB)

D. BASAVAN BAGEWADI

1. Shri Basaveshwar Co-operative Bank Ltd., Basavanbagewadi (SBCB).

2. Swami Vivekanand Co-operative Bank, Nidagundi (SVCB).

E. INDI TALUK

1. Shri Revansidddheshwar Pattan Sahakari Bank Niy. Indi (SRPSBN).

Framework Analysis: The performance of the co-operative banks was measured through 2 different techniques they are as follows:

A. **Accounting Techniques:** The performance of banks was measured through different ratios. These ratios were selected on the basis of their popularity in literature.

   Financial Ratios: Net Worth Ratio, Debt Equity Ratio, Non Performing Asset, Credit Deposit Ratio, Current Liabilities to Net worth Ratio, Total Investment and Total Advance to Total Deposits Ratio, Long term Deposits to Total Deposits Ratio, Net Capital Ratio

B. **Statistical techniques:** ANOVA test was applied for evaluating the performance of Co-operative banks of Bijapur District, Karnataka.

9.ANALYSIS AND INTERPRETATION:
NET WORTH RATIO

This ratio is a test of the financial and credit strength of the organization and measures the relationship between the owner's funds and total assets. It is also known as "Proprietary Ratio ", "Net worth to Total Assets Ratio" or "Equity Ratio" It determines the long term solvency of the banks and the manner of financing the bank. It shows the percentage of assets financed by the proprietor's fund. This ratio is expressed in percentage as under.

Net Worth Ratio=Net Worth/ Total Assets*100

Net Worth= Equity share capital plus Reserves and surplus, Total Assets = Total funds

Table 1.Net Worth Ratio of the banks under study (In Percentage)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	8.17	7.99	7.09	6.52	6.33	**7.22**	0.84
SSCB	16.97	17.15	17.70	18.34	16.59	**17.35**	0.68
BSB	10.70	9.02	8.30	8.56	8.81	**9.08**	0.95
BZSNSB	14.48	13.14	13.15	12.55	12.24	**13.11**	0.86
BMUCB	11.26	10.88	10.36	11.65	11.97	**11.22**	0.63
BDMCB	15.27	14.91	14.13	13.92	12.84	**14.21**	0.95
DUCB	18.58	19.39	18.19	18.27	17.56	**18.40**	0.67
CMSB	17.19	16.93	14.59	14.89	13.53	**15.43**	1.58
KCB	17.64	15.67	17.69	16.85	13.16	**16.20**	1.89
TSB	14.10	12.33	12.04	12.22	11.36	**12.41**	1.02
MCB	21.32	20.02	17.71	18.16	18.34	**19.11**	1.51
BKCB	19.81	15.42	13.94	13.08	11.72	**14.79**	3.11
SSVSB	16.67	15.21	15.46	14.52	14.80	**15.33**	0.83
SUCB	15.76	15.37	14.75	14.44	14.38	**14.94**	0.60
BPCB	25.21	21.89	12.96	11.75	12.32	**16.83**	6.26
SPPSB	18.91	15.19	12.99	13.01	13.37	**14.69**	2.53
AUCB	19.50	18.73	16.34	15.98	14.68	**17.05**	2.01
SBCB	17.46	15.69	13.46	14.83	13.78	**15.04**	1.61
SVCB	24.13	25.10	21.96	21.22	19.78	**22.44**	2.16
SRPSB	17.04	17.36	16.92	17.00	15.48	**16.76**	0.73
Average	**17.01**	**15.87**	**14.49**	**14.39**	**13.65**	**15.08**	1.57

The above mentioned table 1 contains information about the net worth ratio of the co-operative banking units for all the 20 CBs for the time period during the period under review i.e., 2008-09 to 2012-13. In the year 2008-09, this ratio was the highest in BPCB *i.e. 25.21* per cent followed by SVCB *i.e. 24.13* per cent. In 2008-09 this ratio was the lowest in the case of BDCCB

i.e.8.17 per cent followed by BSB *i.e.* 10.70 per cent. In 2012-13, this ratio was highest in the case of SVCB *i.e.* 19.78 per cent followed by MCB *i.e.* 18.34 per cent. In 2012-13, this ratio was the lowest in the case of BDCCB *i.e. 6.33* per cent followed by BSB *i.e. 8.81* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of SVCB *i.e. 22.44* per cent followed by MCB *i.e.* 19.11 per cent, while the ratio was minimum for BDCCB *i.e.* 7.22 per cent followed by BSB *i.e. 9.08* per cent. Therefore the ratio had changed from 7.22 per cent to 22.44 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. The maximum standard deviation is in the case of BPCB i.e. 6.26 while the standard deviation was minimum for SUCB i.e., 0.60.Year wise the average ratio which was 17.01 per cent in 2008-09 became 13.65 per cent in 2012-13. But it must be noted that this increase in the ratio had not been consistent for some years it had decreased also.

Net Worth Ratio

ANOVA TEST

	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between The Banks	1111.986	19	58.526	14.258	.000
Within Banks	328.389	80	4.105		
Total	1440.375	99			

Ho: There is no significant difference of Net Worth ratio among the different banks.

HI: There is a significant difference of Net Worth ratio among the different banks.

To see the significant difference among the banks about Net Worth Ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of Net Worth ratio among the selected banks under study.

DEBT EQUITY RATIO

Debt-equity ratio is an important test to judge long term solvency of the enterprise. It expresses the relationship between owned funds and borrowed funds and determines the

bank's ability to repay debts out of its owned funds. This ratio is called "External Internal Equity" or "Debt to Net Worth" as it measures the amount invested by outsiders to that by owners of an enterprise.

Debt Equity Ratio= External Equities/ Internal Equities*100

OR

Debt Equity Ratio= Total Debts /Shareholders' funds or Net Worth *100

Table 2.Debt Equity Ratio of the banks under study (In Percentage)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	1123.64	1150.87	1309.97	1434.47	1478.99	**1299.59**	160.90
SSCB	489.10	483.18	464.99	445.17	502.66	**477.02**	22.36
BSB	834.89	1009.02	1104.77	1068.49	1035.56	**1010.55**	104.55
BZSNSB	590.82	660.77	660.64	696.94	717.13	**665.26**	48.16
BMUCB	788.49	818.74	864.99	758.43	735.13	**793.16**	51.01
BDMCB	554.72	570.85	607.55	618.22	679.11	**606.09**	48.38
DUCB	438.16	415.78	449.70	447.36	469.59	**444.12**	19.55
CMSB	481.76	490.52	585.40	571.77	639.13	**553.72**	66.70
KCB	466.79	538.00	465.42	493.53	660.08	**524.76**	81.15
TSB	609.08	711.34	730.40	718.50	780.27	**709.92**	62.48
MCB	369.11	399.59	464.54	450.63	445.35	**425.84**	40.00
BKCB	404.68	548.45	617.59	664.24	752.96	**597.58**	130.97
SSVSB	500.04	557.61	547.02	588.53	575.69	**553.78**	34.04
SUCB	534.39	550.73	578.12	592.50	595.25	**570.20**	26.69
BPCB	296.65	356.80	671.69	751.27	711.89	**557.66**	213.74
SPPSB	428.91	558.12	670.10	668.73	647.94	**594.76**	103.47
AUCB	412.76	433.88	511.85	525.68	581.30	**493.09**	69.20
SBCB	472.73	537.34	643.09	574.31	625.68	**570.63**	68.90
SVCB	314.43	298.37	355.42	371.24	405.44	**348.98**	43.24
SRPSB	486.69	476.05	491.13	488.21	546.04	**497.62**	27.66
Average	**529.89**	**578.30**	**639.72**	**646.41**	**679.26**	**614.72**	71.16

The debt equity ratio of all the 20 CBs for the time period under study *i.e. 2008-09* to 2012-13 has been shown in Table 2.

In the year 2008-09 this ratio was the highest in BDCCB *i.e. 1123.64* per cent followed by BSB *i.e.834.89* per cent. In 2008-09 this ratio was the lowest in the case of BPCB i.e., 296.65 percent followed by SVCB i.e., 314.43 percent. In 20012-13 this ratio was the highest in the case

of BDCCB *i.e.* 1478.99 per cent followed by BSB *i.e.1035.56* per cent. In 2012-13 this ratio was the lowest in the case of SVCB i.e., 405.44 per cent followed by MCB *i.e. 445.35* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of BDCCB *i.e.* 1299.59 per cent followed by BSB *i.e. 1010.55* per cent, while the ratio was minimum for SVCB *i.e. 348.98* per cent followed by MCB *i.e.425.84* per cent. Therefore the ratio had changed from 348.98 per cent to 1299.59 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. The maximum standard deviation is in the case of BDCCB i.e. 160.90 while the standard deviation was minimum for DUCB i.e., 19.55.Year wise average ratio which was 529.89 per cent in 2008-09 became 679.26 per cent in 2012-13. But it must be noted that this increase in the ratio had not been consistent for some years it had decreased also.

Debt Equity Ratio

ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between The Banks	4377586.677	19	230399.299		
Within Banks	596357.528	80	7454.469	30.908	.000
Total	4973944.204	99			

Ho: There is no significant difference of Debt Equity ratio among the different banks.

HI: There is a significant difference of Debt Equity ratio among the different banks.

To see the significant difference among the banks about Debt Equity ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of Debt Equity ratio among the selected banks under study

NON PERFORMING ASSET:-

After introduction of Narshimhan Committee recommendations, all advances and loans are classified in to two categories, i.e.

i) Performing Assets [PA]

ii) Non Performing Assets [NPA]

An asset becomes non performing when it ceases to generate income for the bank. In this respect, the RBI has prescribed a standard norm of 5 percent maximum. All the banks in India are required to follow this.

Net NPA'S

NPA Ratio = Total Advances X 100

Where Net NPA'S = Gross NPA's – Provision for NPA's And

Total Advances = Total Advances are taken as per the amount shown in the assets side of the balance sheet of the bank.

Here is a data relating to Net NPA to Net Advances for selected banks under study.

Table 5. Non-Performing Asset Ratio (In percentage)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	0	0	0	0	0	**0.00**	0
SSCB	20.27	7.2	0	0	0	**5.49**	8.83
BSB	7.47	6.79	5.98	9.36	8.72	**7.66**	1.38
BZSNSB	12.56	13.71	14.83	15.44	9.33	**13.17**	2.41
BMUCB	7.45	6.93	6.29	3.99	4.75	**5.88**	1.46
BDMCB	7.35	7.26	6.01	0.46	0.44	**4.30**	3.56
DUCB	0	0	0	0	0	**0.00**	0
CMSB	7.13	4.25	3.73	0	0	3.02	3.04
KCB	0	0	0	0	0	**0.00**	0
TSB	3.09	2.66	0	0	0	**1.15**	1.58
MCB	0	0	0	0	0	**0.00**	0
BKCB	5.53	6	2.26	0	0	**2.76**	2.90
SSVSB	0	0	0	0	0	**0.00**	0
SUCB		5.9	4.49	2.16	2.82	**3.07**	1.81
BPCB	0	0	0	0	0.17	**0.03**	0.08
SPPSB	5.26	4.29	2.26	3.16	2.24	**3.44**	1.32
AUCB	5.23	5.68	2.31	0	0.63	**2.77**	2.60
SBCB	7.43	6.53	5.23	5.79	0.65	**5.13**	2.63
SVCB	0	0	0	0	0	**0.00**	0
SRPSB	14.06	13.03	12.45	6.02	5.7	**10.25**	4.05
Average	**5.1415**	**4.299**	**3.292**	**2.319**	**1.7725**	**3.36**	1.88

The above data shows that the average of NPA's of all 20 co-operative banks under study is 3.36 and out of these CBs, BZSNSB have the highest NPA average which is 13.17% with standard deviation 2.41 followed by SRPSB with 10.25% which has crossed the RBI limit of 10%. BDCCB, DUCB, KCB, MCB, SSVSB & SVCB were nil NPA average among all the co-

operative banks under study because these banks were doing excellent work in the area of NPA management. SSCB, BDMCB, CMSB, TSB, SBCB, SRPSB have achieved decreasing trend to control over NPA percent with less than 10% below the RBI limit. SSCB was at the highest with 20.27% in the year 2008-09 out of all CBs under study during the study period. BSB, BZSNSB, BMUCB, BKCB, SUCB, BPCB, SPPSB & AUCB were facing mismanagement of NPA and credit policy.

Overall view from the above data the researcher can say that some banks have control over NPA management and get good result for reduction of NPA during the study period. But some banks have not been able to control NPA, and resulted in to decreasing trend in profit.

Non-Performing Asset Ratio

ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between The Banks	1312.392	19	69.073	8.871	.000
Within Banks	622.940	80	7.787		
Total	1935.332	99			

Ho: There is no significant difference of NPA ratio among the different banks.

HI: There is a significant difference of NPA ratio among the different banks.

To see the significant difference among the banks about NPA ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of NPA ratio among the selected banks under study

CREDIT DEPOSIT RATIO

Credit deposits ratio indicates the relationship between advances and deposits and is expressed as a percentage of total credit provided to the total deposits mobilized. This is the ratio of total advances granted by a bank to its total deposits on any particular period. This ratio is calculated as follows:

Credit- Deposit Ratio= Total Credits/ Total Deposits*100

Total Credit= Total advances: short term plus medium- term plus long term advances

Total Deposits= Demand deposits plus Time deposits

A higher credit deposit ratio indicates efficiency of management in advancing loans against deposits and lower credit- deposits ratio indicates credit creation incapability of the bank in relation to deposits, which considerably affect the profitability of bank.

Table 4.Credit-Deposit Ratio of Banks Under Study (In percentage)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	114.11	87.28	100.88	109.42	117.91	**105.92**	12.21
SSCB	44.62	36.10	35.77	52.23	55.29	**44.80**	8.98
BSB	74.36	63.93	57.71	67.34	72.97	**67.26**	6.81
BZSNSB	65.14	70.01	75.83	74.63	77.89	**72.70**	5.12
BMUCB	48.75	45.19	46.19	55.49	56.93	**50.51**	5.39
BDMCB	76.10	59.66	62.39	68.74	77.14	**68.81**	7.87
DUCB	62.29	64.60	64.20	77.30	74.56	**68.59**	6.83
CMSB	75.26	72.22	65.02	73.41	72.24	**71.63**	3.90
KCB	63.32	57.62	60.71	64.17	62.81	**61.73**	2.63
TSB	66.08	53.86	56.21	64.72	60.25	**60.22**	5.27
MCB	59.17	55.66	53.22	63.56	71.21	**60.56**	7.11
BKCB	65.99	53.09	52.27	53.31	50.26	**54.98**	6.27
SSVSB	63.66	61.51	65.30	71.51	73.78	**67.15**	5.25
SUCB	62.35	60.65	57.00	60.67	58.80	**59.89**	2.05
BPCB	71.05	73.01	56.50	51.47	69.42	**64.29**	9.66
SPPSB	68.07	55.78	55.58	69.56	74.12	**64.62**	8.46
AUCB	80.19	75.53	58.99	62.93	60.32	**67.59**	9.62
SBCB	67.90	64.44	68.11	76.11	67.71	**68.85**	4.33
SVCB	78.92	70.02	76.89	59.53	61.37	**69.35**	8.79
SRPSB	72.51	62.31	68.50	66.31	65.81	**67.09**	3.76
Average	**68.99**	**62.12**	**61.86**	**67.12**	**69.04**	**65.83**	6.51

The above mentioned table 4 contains information about the net worth of the co-operative banking units for all the 20 CBs for the time period during the period under review i.e., 2008-09 to 2012-13. In the year 2008-09, this ratio was the highest in BDCC *i.e. 114.11* per cent followed by AUCB *i.e. 80.19* per cent. In 2008-09 this ratio was the lowest in the case of SSCB *i.e.44.62* per cent followed by BMUCB *i.e.* 48.75 per cent. In 2012-13, this ratio was highest in the case of BDCCB *i.e.* 117.91 per cent followed by BZSNSB *i.e. 77.89* per cent. In 2012-13, this ratio was the lowest in the case of BKCB *i.e. 50.26* per cent followed by SSCB *i.e. 55.29* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of BDCCB

i.e.105.92 per cent followed by BZSNSB *i.e. 72.70* per cent, while the ratio was minimum for SSCB *i.e.* 44.80 per cent followed by BMUCB *i.e. 50.51* per cent. Therefore the ratio had changed from 44.80 per cent to 105.92 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. . The maximum standard deviation is in the case of BDCCB i.e. 12.21 while the standard deviation was minimum for SUCB i.e., 2.05. Year wise the average ratio which was 68.99 per cent in 2008-09 became 69.04 per cent in 2012-13. But it must be noted that this increase in the ratio had not been consistent for some years it had decreased also.

Credit Deposit Ratio

ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between The Banks	13220.470	19	695.814		
Within Banks	3914.814	80	48.935	14.219	.000
Total	17135.285	99			

Ho: There is no significant difference of Credit Deposit ratio among the different banks.

HI: There is a significant difference of Credit Deposit ratio among the different banks.

To see the significant difference among the banks about Credit Deposit ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of Credit Deposit ratio among the selected banks under study

CURRENT LIABILITIES TO NET WORTH RATIO

A current liability to net worth ratio shows the relationship between short term deposits and funds owned by the banks from internal source. Since owned funds provide safety to the current depositors in regards to repayment their obligations. This ratio is expressed as follows.

Current Liabilities to Net Worth Ratio = Current Liabilities/Net Worth

Higher the ratio, lower the safety for the short- term depositors. It also indicates that the banks do not have enough funds to pay obligation as and when due. While lower the ratio,

better the position of short –term depositors because of the availability of owned funds that provide security of payment of debts.

Table 5.Current Liabilities to Net Worth Ratio of Banks under Study (In Percentage)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	530.65	388.49	204.43	233.45	634.66	**398.34**	185.90
SSCB	103.14	113.41	134.76	127.93	138.06	**123.46**	14.79
BSB	137.92	272.92	302.29	462.22	206.65	**276.40**	121.71
BZSNSB	66.43	78.48	103.56	100.73	84.10	**86.66**	15.54
BMUCB	188.59	191.35	269.12	186.41	201.36	**207.37**	34.99
BDMCB	107.14	117.02	117.91	127.34	131.42	**120.17**	9.52
DUCB	177.56	179.13	199.73	219.28	234.46	**202.03**	24.89
CMSB	105.49	121.38	137.85	146.55	129.47	**128.15**	15.76
KCB	104.17	113.68	140.81	127.79	144.89	**126.27**	17.37
TSB	90.17	110.12	119.57	99.63	113.19	**106.54**	11.65
MCB	98.26	103.39	142.99	119.55	109.43	**114.72**	17.68
BKCB	90.61	129.05	148.64	183.03	189.64	**148.19**	40.66
SSVSB	88.30	86.06	106.40	99.83	85.81	**93.28**	9.32
SUCB	173.00	272.52	180.48	208.61	211.76	**209.27**	39.22
BPCB	45.03	94.68	164.80	225.23	238.36	**153.62**	83.22
SPPSB	174.96	166.04	138.67	110.44	91.73	**136.37**	35.50
AUCB	125.91	116.10	153.94	154.10	230.71	**156.15**	44.96
SBCB	42.44	60.51	80.85	69.81	164.15	**83.55**	47.21
SVCB	56.07	46.03	63.85	78.01	84.29	**65.65**	15.65
SRPSB	186.57	177.10	169.71	175.45	176.13	**176.99**	6.08
Average	**134.62**	**146.87**	**154.02**	**162.77**	**180.01**	**155.66**	39.58

The above mentioned table 5 contains information about the current liabilities to net worth of the co-operative banking units for all the 20 CBs for the time period during the period under review i.e., 2008-09 to 2012-13. In the year 2008-09, this ratio was the highest in BDCC *i.e. 530.65* per cent followed by BMUCB *i.e.188.59* per cent. In 2008-09 this ratio was the lowest in the case of SBCB *i.e.42.44* per cent followed by BPCB *i.e.* 45.03 per cent. In 2012-13, this ratio was highest in the case of BDCCB *i.e.* 634.66 per cent followed by BPCB *i.e. 238.36* per cent. In 2012-13, this ratio was the lowest in the case of BZSNSB *i.e. 84.10* per cent followed by SVCB *i.e. 84.29* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of BDCCB *i.e.398.34* per cent followed by BSB *i.e. 276.40* per cent, while the ratio was minimum for SVCB *i.e.* 65.65 per cent followed by SBCB *i.e. 83.55* per cent. Therefore the ratio had changed from 65.65 per cent to 398.34 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. . The maximum standard deviation is in the case of BDCCB i.e. 160.90 while the

standard deviation was minimum for DUCB i.e., 19.55.Year wise the average ratio which was 134.62 per cent in 2008-09 became 180.01 per cent in 2012-13. But it must be noted that this increase in the ratio had not been consistent for some years it had decreased also.

Current Liabilities to Net Worth Ratio

ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between The Banks	560077.591	19	29477.768		
Within Banks	275046.782	80	3438.085	8.574	.000
Total	835124.372	99			

Ho: There is no significant difference of Current Liabilities to Net Worth ratio mong the different banks.

HI: There is a significant difference of Current Liabilities to Net Worth ratio among the different banks.

To see the significant difference among the banks about Current Liabilities to Net Worth ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of Current Liabilities to Net Worth ratio among the selected banks under study.

TOTAL INVESTMENT & ADVANCES TO TOTAL FUNDS RATIO

In banking business, the main task of the bank is to obtain deposits at low cost and advances at highest cost and earn good returns on it. A bank which is efficient in obtaining funds through short- term sources and advancing for long term purpose can earn good returns. Total investments & advances to total funds ratio indicates the relation between investments and advances to total funds. It shows how much funds is advanced or invested from total funds. The ratio is calculated as follows.

Total Investments and Advances to Total funds Ratio= Total investment & Advances/Total Funds*100

Total Investment & Advances= Short- term, Medium term, and long-term investments and Advances.

Total Funds= Total Liabilities.

Table No. 6.Total Investment & Advances to Total Funds Ratio of Banks Under Study. (In percentage)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	57.70	54.65	58.17	60.94	64.50	**59.19**	3.71
SSCB	44.84	36.02	44.93	44.81	52.20	**44.56**	5.74
BSB	79.77	73.51	79.78	84.25	84.49	**80.36**	4.47
BZSNSB	66.86	70.80	83.33	82.08	82.75	**77.16**	7.75
BMUCB	86.22	87.48	89.89	90.88	89.61	**88.82**	1.91
BDMCB	83.59	78.34	83.43	86.17	84.79	**83.26**	2.96
DUCB	89.46	92.55	87.62	84.16	88.06	**88.37**	3.04
CMSB	79.98	82.66	85.20	85.94	83.68	**83.49**	2.34
KCB	93.12	94.16	92.79	92.55	91.76	**92.88**	0.88
TSB	89.15	90.76	93.59	92.54	92.29	**91.67**	1.73
MCB	52.49	57.36	62.15	72.91	76.96	**64.37**	10.33
BKCB	58.01	55.27	61.31	63.24	60.93	**59.75**	3.13
SSVSB	88.16	88.76	93.20	88.97	91.31	**90.08**	2.12
SUCB	58.91	63.54	69.99	31.82	29.78	**50.81**	18.70
BPCB	72.92	81.26	59.50	82.86	88.86	**77.08**	11.36
SPPSB	76.93	78.47	86.69	87.76	93.82	**84.73**	6.99
AUCB	90.23	89.02	91.35	98.77	91.51	**92.18**	3.82
SBCB	63.29	64.87	74.03	82.56	72.59	**71.47**	7.77
SVCB	79.57	81.00	85.22	124.59	78.58	**89.79**	19.62
SRPSB	81.03	77.52	81.96	86.03	78.65	**81.04**	3.31
Average	**74.61**	**74.90**	**78.21**	**81.19**	**78.86**	**77.55**	6.08

The above mentioned table 6 contains information about the total investments and advances to total funds ratio of the co-operative banking units for all the 20 CBs for the time period during the period under review i.e., 2008-09 to 2012-13. In the year 2008-09, this ratio was the highest in KCB *i.e. 93.12* per cent followed by AUCB *i.e. 90.23* per cent. In 2008-09 this ratio was the lowest in the case of SSCB *i.e.44.84* per cent followed by MCB *i.e.* 52.49 per cent. In 2012-13, this ratio was highest in the case of SPPSB *i.e.* 93.82 per cent followed by

TSB *i.e. 92.29* per cent. In 2012-13, this ratio was the lowest in the case of SUCB *i.e. 29.78* per cent followed by SSCB *i.e. 52.20* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of KCB *i.e.92.88* per cent followed by TSB *i.e. 91.67* per cent, while the ratio was minimum for SSCB *i.e.* 44.56 per cent followed by SUCB *i.e. 50.81* per cent. Therefore the ratio had changed from 44.56 per cent to 92.88 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. The maximum standard deviation is in the case of SVCB i.e. 19.62 while the standard deviation was minimum for KCB i.e., 0.88. Year wise the average ratio which was 74.61 per cent in 2008-09 became 78.86 per cent in 2012-13. But it must be noted that this increase in the ratio had not been consistent for some years it had decreased also.

Total Investment and advances to total funds ratio
ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between The Banks	20033.933	19	1054.418	16.517	.000
Within Banks	5106.912	80	63.836		
Total	25140.844	99			

Ho: There is no significant difference of Total Investment and Advances to Total Fund ratio mong the different banks.

HI: There is a significant difference of Total Investment and Advances to Total Fund ratio among the different banks.

To see the significant difference among the banks about Total Investment and Advances to Total Fund ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of Total Investment and Advances to Total Fund ratio among the selected banks under study

LONG TERM DEPOSITS TO TOTAL DEPOSITS RATIO

Deposit is lifeblood of banking organization which keeps the banks alive. Higher collection of deposits cause smooth running of banking business as well as indicates goodwill

of the bank in society. The profitability of banks mainly depends on the capacity to collect deposits. But collecting deposits, the banks should be aware about the manner and type of deposits as each deposit has its procurement cost. Higher the procurement cost, lower will be the profit margin. So, it's very necessary to know the proportion of each type of deposits in total deposits, to get an idea about the financial stability of the banks. The long term deposits to total deposits ratio is expressed as under.

Long Term Deposits to Total Deposits Ratio= Long Term Deposits/ Total

Deposits*100

Long Term Deposits= Fixed deposits and Other Long Term Deposits

Total Deposits= Term Deposits plus Demand deposits

Table 7
Long Term Deposits To Total Deposits Ratio Of Banks Under Study

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	77.33	78.15	77.71	74.64	78.54	**77.27**	1.54
SSCB	77.35	75.02	70.32	70.86	65.01	**71.71**	4.75
BSB	84.13	73.39	69.53	82.40	81.59	**78.21**	6.38
BZSNSB	89.17	88.29	87.92	89.28	90.37	**89.01**	0.96
BMUCB	77.17	77.30	75.67	75.81	73.71	**75.93**	1.45
BDMCB	86.56	81.96	83.15	81.28	84.70	**83.53**	2.13
DUCB	61.15	58.54	54.56	52.96	51.01	**55.64**	4.14
CMSB	79.76	84.64	78.11	75.88	82.59	**80.20**	3.49
KCB	80.00	67.24	76.67	82.28	82.13	**77.66**	6.25
TSB	85.80	75.90	84.85	87.32	86.66	**84.11**	4.68
MCB	75.39	75.43	70.45	74.39	76.70	**74.47**	2.39
BKCB	79.40	78.27	77.49	74.02	76.30	**77.10**	2.06
SSVSB	83.79	85.91	81.99	84.82	86.25	**84.55**	1.73
SUCB	83.33	74.06	69.96	68.08	67.06	**72.50**	6.62
BPCB	71.96	75.77	71.77	68.06	68.78	**71.27**	3.06
SPPSB	70.04	73.39	81.94	85.87	81.71	**78.59**	6.60
AUCB	72.38	76.55	73.04	73.18	61.96	**71.42**	5.53
SBCB	89.44	90.82	88.48	90.21	89.05	**89.60**	0.93
SVCB	83.46	85.24	83.14	78.37	77.46	**81.53**	3.41
SRPSB	62.89	64.20	66.68	65.62	66.97	**65.27**	1.72
Average	**78.53**	**77.00**	**76.17**	**76.77**	**76.43**	76.98	3.49

The above mentioned table 7 contains information about the long term deposits to total deposits ratio of the co-operative banking units for all the 20 CBs for the time period during the period

under review i.e., 2008-09 to 2012-13. In the year 2008-09, this ratio was the highest in SBCB *i.e. 89.44* per cent followed by BZSNSB *i.e. 89.17* per cent. In 2008-09 this ratio was the lowest in the case of DUCB *i.e.61.15* per cent followed by SRPSB *i.e. 62.89* per cent. In 2012-13, this ratio was highest in the case of BZSNSB *i.e.* 90.37 per cent followed by SBCB *i.e. 89.05* per cent. In 2012-13, this ratio was the lowest in the case of DUCB *i.e. 51.01* per cent followed by AUCB *i.e. 61.96* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of SBCB *i.e.89.60* per cent followed by BZSNSB *i.e. 89.01* per cent, while the ratio was minimum for DUCB *i.e.* 55.64 per cent followed by SRPSB *i.e. 65.27* per cent. Therefore the ratio had changed from 55.64 per cent to 89.60 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. . The maximum standard deviation is in the case of SUCB i.e. 6.62 while the standard deviation was minimum for SBCB i.e., 0.93. Year wise the average ratio which was 78.53 per cent in 2008-09 became 76.43 per cent in 2012-13. But it must be noted that this decrease in the ratio had not been consistent for some years it had increased also.

Long term deposits to total deposits ratio
ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between The Banks	6008.525	19	316.238		
Within Banks	1276.899	80	15.961	19.813	.000
Total	7285.424	99			

Ho: There is no significant difference of Long Term Deposits to Total Deposits ratio among the different banks.

HI: There is a significant difference of Long Term Deposits to Total Deposits ratio among the different banks.

To see the significant difference among the banks about Total Long Term Deposits to Total Deposits ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis

is accepted. It can be concluded there is a significant difference of Long Term Deposits to Total Deposits ratio among the selected banks under study.

NET CAPITAL RATIO:

The ratio indicates the degree of liquidity of the bank in the long run. It measures the degree of availability of assets to pay off the long term liabilities.

$$\text{Net Capital Ratio} = \frac{\text{Total Assets}}{\text{Total Liabilities}} X\ 100$$

This ratio would throw light on the real financial strength of the bank.

Table 8

Net Capital Ratio of the Banks under study

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	Average	S. D.
BDCCB	108.90	108.69	107.63	106.97	106.76	**107.79**	0.97
SSCB	120.45	120.70	121.51	122.46	119.89	**121.00**	1.00
BSB	111.98	109.91	109.05	109.36	109.66	**109.99**	1.16
BZSNSB	116.93	115.13	115.14	114.35	113.94	**115.10**	1.15
BMUCB	112.68	112.21	111.56	113.19	113.60	**112.65**	0.80
BDMCB	118.03	117.52	116.46	116.18	114.73	**116.58**	1.28
DUCB	122.82	124.05	122.24	122.35	121.30	**122.55**	1.00
CMSB	120.76	120.39	117.08	117.49	115.65	**118.27**	2.21
KCB	121.42	118.59	121.49	120.26	115.15	**119.38**	2.64
TSB	116.42	114.06	113.69	113.92	112.82	**114.18**	1.34
MCB	127.09	125.03	121.53	122.19	122.45	**123.66**	2.33
BKCB	124.71	118.23	116.19	115.05	113.28	**117.49**	4.42
SSVSB	120.00	117.93	118.28	116.99	117.37	**118.11**	1.17
SUCB	118.71	118.16	117.30	116.88	116.80	**117.57**	0.84
BPCB	133.71	128.03	114.89	113.31	114.05	**120.80**	9.43
SPPSB	123.31	117.92	114.92	114.95	115.43	**117.31**	3.58
AUCB	124.23	123.05	119.54	119.02	117.20	**120.61**	2.93
SBCB	121.15	118.61	115.55	117.41	115.98	**117.74**	2.26
SVCB	131.80	133.51	128.14	126.94	124.66	**129.01**	3.61
SRPSB	120.55	121.01	120.36	120.48	118.31	**120.14**	1.05
Average	**120.78**	**119.14**	**117.13**	**116.99**	**115.95**	**118.00**	2.26

The above mentioned table 8 contains information about the net capital ratio of the co-operative banking units for all the 20 CBs for the time period during the period under review i.e., 2008-09 to 2012-13. In the year 2008-09, this ratio was the highest in BPCB *i.e. 133.71* per cent followed by SVCB *i.e. 131.80* per cent. In 2008-09 this ratio was the lowest in the case of BDCCB *i.e..108.90* per cent followed by BSB i.e.111.98 per cent. In 2012-13, this ratio was highest in the case of SVCB *i.e.* 124.66 per cent followed by MCB *i.e. 122.45* per cent. In 2012-13, this ratio was the lowest in the case of BDCCB *i.e. 106.76* per cent followed by BSB *i.e. 109.66* per cent. As far as bank wise statistical analysis is concerned, the maximum average ratio is in the case of SVCB *i.e.129.01* per cent followed by MCB *i.e. 123.66* per cent, while the ratio was minimum for BDCCB *i.e. 107.79* per cent followed by BSB *i.e. 109.99* per cent. Therefore the ratio had changed from 107.79 per cent to 129.01 per cent over 5 years period *i.e.* from 2008-09 to 2012-13. The maximum standard deviation is in the case of BPCB i.e. 9.43 while the standard deviation was minimum for BMUCB i.e., 0.80. Year wise the average ratio which was 120.78 per cent in 2008-09 became 115.95 per cent in 2012-13. But it must be noted that this decrease in the ratio had not been consistent for some years it had increased also.

Net Capital Ratio

ANOVA TEST

	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between The Banks	2135.971	19	112.420	12.627	.000
Within Banks	712.266	80	8.903		
Total	2848.238	99			

Ho: There is no significant difference of Net Capital ratio among the different banks.

HI: There is a significant difference of Net Capital ratio among the different banks.

To see the significant difference among the banks about Net Capital ratio ANOVA test is applied to analyze the difference due to the effect factors simultaneously a null hypothesis is taken that difference appeared is not significant. Alternative hypothesis is taken that the difference appeared is significant. The calculated F value is greater than table value, hence null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded there is a significant difference of Net capital ratio among the selected banks under study.

9. MAJOR FINDING OF THE STUDY:

1. The highest average Net Worth Ratio was recorded in SVCB with 22.44% of total funds. The ratio was less than 10% in BDCCB & BSB.

2. Debt Equity Ratio was highest in BDCCB which was 1299.59% indicated lesser safety. The ratio was the lowest in SVCB i.e., 348.98%.

3. BZSNB has the highest NPA average which is 13.17% which has crossed the RBI limit of 10%.

4. The average credit deposit ratio was the highest in BDCCB which was 105.92% which indicates efficiency of management.

5. The current liabilities to net worth ratio was lowest in BDCCB i.e., 398.34% which indicates high safety.

6. Total assets & advances to total fund ratio was the highest in KCB which was 92.88% and indicates high efficiency and lesser liquidity.

7. Long term deposits to total deposits ratio was the highest in SBCB which indicates higher proportion which is not good from the efficiency and profitability point of view.

8. SVCB was having highest net capital ratio of 129.01% and lowest ration in BDCCB of 107.79%.

10. SUGGESTIONS & CONCLUSION:

On the basis of findings emanated from the present micro level research study on CBs in North Karnataka, Bijapur district it is found that the CBs are facing problems of high cost of business operations, low capital base, inadequate loan appraisal and credit planning, poor recovery performance, dual control, mounting overdue, high level of non performing assets, political influence, lack of professional skills and relatively low level of customer satisfaction, etc. But some of the new challenges are external; for example, the phenomenal growth in volume of financial institution. These are big hurdle in the development of the CBs. Therefore a modest attempt has been made in this section to suggest a good number of feasible ways and means in order to improve the financial strength as well as the overall efficiency in both administration and operational management and to overcome the existing deficiency and irregularities of the selected CBs in Bijapur district..

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