

Financial Evaluation Of Souharda Co-Operative Banks In Karnataka

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Abstract - The SCBs is playing a very important role in the financial performance and several facilities for the urban and semi-urban peoples in Karnataka state. This Paper focused on financial evaluation of SCBs and various financial factors are playing a very segment role of the co-operative banks. The SCBs is one of the key working structures of the banks. It is evaluation of various financial factors like share capital, reserves, deposits, working capital, and loans and advances of both the urban and semi-urban areas in Karnataka. In this study was explained the working structure of the SCBs and it is included that the functions, supervision and regulation, management, resources, and some important banking amenities/facilities for the members and non-members. In this article focused that methodology of the study and used by basic statistical tools for the in this study. The statistical tools are AGR, CAGR, Mean, Standard Deviation, and Co-efficient of Variation. The study was period from 2005-06 to 2014-15.

Keywords: Functions, Supervision, Management, Resource, Share Capital, Reserves, Deposits, Working capital, Loans and Advances, Investment and Net Profit.

I Introduction

Co-operative banking sector is one of the key financing sectors in urban and semi-urban area which accelerating the economic growth and social welfare. Souharda Co-operative Banks are emerging as a sound and healthy network of democratically controlled and ethically managed, banking institutions. It ensures more power to the members, more member participation and less government intervention in the affairs of the co-operatives and also giving freedom and removing restrictions. Self-freedom, self-controls, self-managed with no Government interference in the day to day administration of the bank is the main theme.

Working Structure of SCBs in Karnataka

The operation area is urban and semi-urban area or town. Souharda Co-operative Banks are responsible for operation of Non- Agricultural Credit. The Urban Co-operative are regulated from banking actives by the Reserve Bank of India (RBI) and legal and administration activities are regulated by the federal co-operative and Register of Co-operatives.

➤ Functions of Souharda Co-Operative Banks

The function of SCBs is accepting various kinds of deposits from members and non-members. The second function of the SCBS are to lend to members for various purposes like, Short-term, Medium-term, Long- term, Loans. This bank is to promote thrift by attracting deposits from members and non-members, and also provide facilities such as collected and remittance of funds, and collection of cheques, deal with bills discounting cheques etc.

➤ Supervision And Regulation

At Present administration related aspects are being supervised and regulated by federal co-operatives, which is a statutory body created under the Act. Financial Regulations is looked after by the RBI. The erring Co-operative Banks on administration are regulated by appointing an administrator to manage the affairs of the Souharda Bank for such period as may specified by RBI and otherwise the maximum period of appointment of the Administrator is Restricted under the act.

➤ Management

Management of Souharda Co-operative Banks vests in a Board of Directors, who are elected by the general body consisting of all the eligible members. The final authority in all matters rests with the general body, but the actual conduct of business of the bank rests with the board of directors and chief executive of the bank.

➤ Resources

Source of finance of the SCBs consist Share Capital, Deposits, Debentures, Loans and other contributions from its members and from any other person, institutions and organizations. The SCBs are not be eligible to receive any loan, subsidy, grant or financial aid in any form, from the government or any guarantee by the government.

➤ Banking Facilities

The Souharda Co-operative Banks are provides many kinds of facilities to their customers like, saving account, current account facilities , term deposits facility, Safe deposit locker facilities, Direct Clearing (RBI) and out station cheques clearing

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facilities, Agricultural Allied loans, Small Scale Industries loan, Education loan, ATM (All Time Money) card facilities, RTGS (Real Time Gross Settlement) NEFT (National Electronic Transfer Services), E- stamping paper facilities, and Gold Loan facility etc.,.

NEED FOR SOUHARDA CO-OPERATIVE BANKS

The enactment of Karnataka Souharda Sahakari Act (KSSA) 1997, has provided not only financial and administrative freedom to the Board of Directors, with Self- Regulatory Provisions in the Act it Self. In today's globe uncertainty, people have become conscious about their saving and investment in the safest way. They are also in search for an institution from where in case of need they can get easy and economical credit, which is near to their residence and where they can be treated as a family member. The Souharda Co-operative Banks play very important role in providing banking services, to common man in their area of co-operation.

II Objectives of the study

- 1) To study the working structure and regulation of Souharda Co-operative Banks in Karnataka State.
- 2) To analyze the performance of financial factors of Souharda Co-operative Banks in Karnataka.

III Methodology of the Study

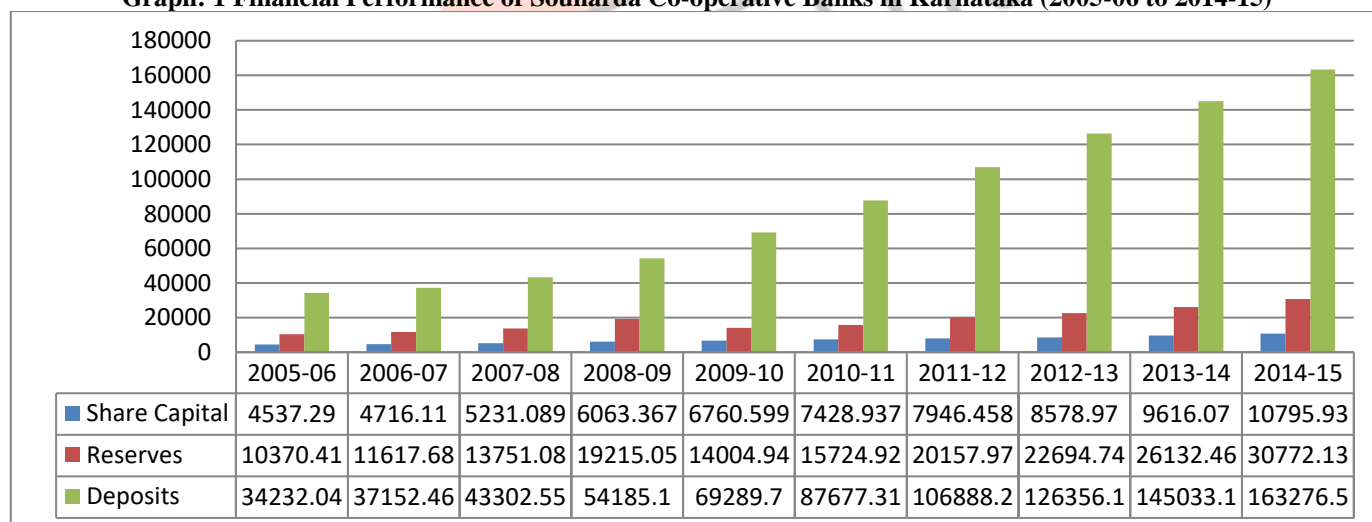
The present study is mainly based on secondary sources. The secondary data required collected from the annual reports and Journals of SCBs in Karnataka, office documents of reports. The data analyze carried out by using simple statistical technique like, Mean, Standard Deviation and Co-efficient of variation. The study was covered by period from 2005-06 to 2014-15.

Table: 1 Financial Performance of Souharda Co-operative Banks in Karnataka (2005-06 to 2014-15) (Rs in Lakhs)

Year	Share Capital	AGR	Reserves	AGR	Deposits	AGR
2005-06	4537.29	-	10370.41	-	34232.04	-
2006-07	4716.11	3.94	11617.68	12.03	37152.46	8.53
2007-08	5231.089	10.92	13751.08	18.36	43302.55	16.55
2008-09	6063.367	15.91	19215.05	39.73	54185.1	25.13
2009-10	6760.599	11.5	14004.94	-27.11	69289.7	27.88
2010-11	7428.937	9.89	15724.92	12.28	87677.31	26.54
2011-12	7946.458	6.97	20157.97	28.19	106888.2	21.91
2012-13	8578.97	7.96	22694.74	12.58	126356.1	18.21
2013-14	9616.07	12.09	26132.46	15.15	145033.1	14.78
2014-15	10795.93	12.27	30772.13	17.75	163276.5	12.58
Total	71674.82		184441.4		867393.1	
CAGR	10.29		11.68		20.83	
Mean	7167.48		18444.1		86739.3	
SD	2105.29		6613.12		46784.8	
CV	29.37		35.85		53.94	

Source: Annual Reports (2005-06 to 2014-15), Souharda Co-operative Banks in Karnataka

Graph: 1 Financial Performance of Souharda Co-operative Banks in Karnataka (2005-06 to 2014-15)



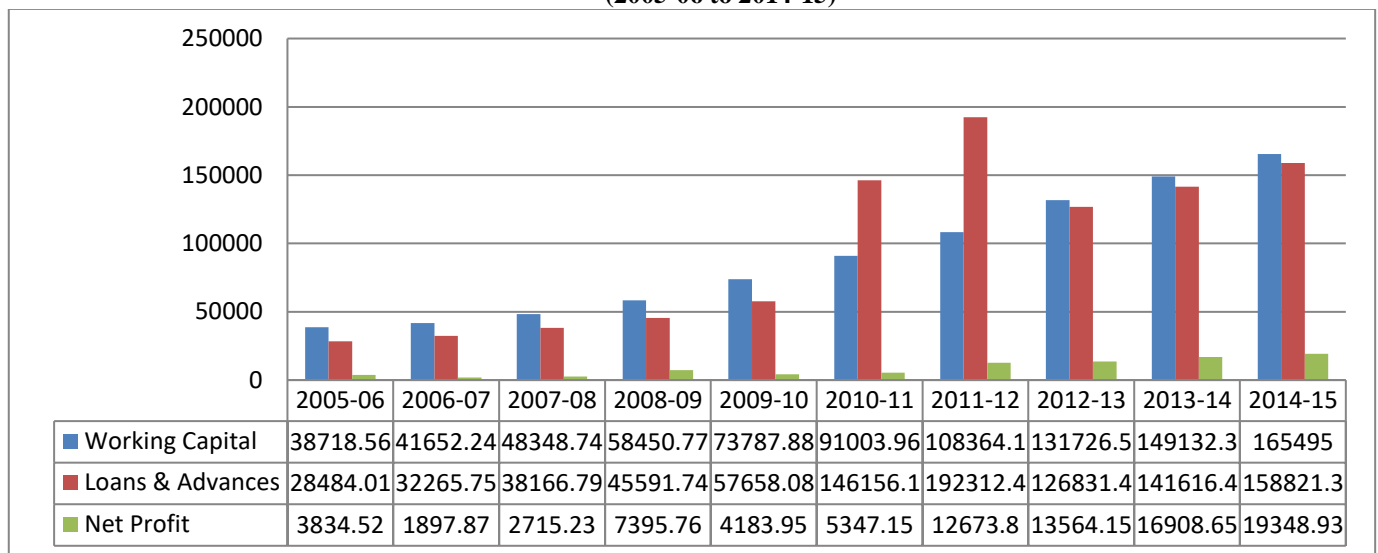
The table – 1 and graph – 1 depicts the financial performance of Souharda Co-operative Banks in Karnataka during the study period 2005-06 to 2014-15. It is clearly from the analyzed that the share capital was Rs. 4537.29 lakh in 2005-06, which has increased to 10795.93 lakh in 2014-15. The Reserves was Rs. 10370.41 lakh in 2005-06, which has increased to 30772.13 lakh in 2014-15. The Deposits was Rs. 34232.04 lakh in 2005-06, which has increased to Rs. 163276.5 lakh in 2014-15.

Table-2 Financial Performance of Souharda Co-operative Banks in Karnataka (2005-06 to 2014-15) (Rs in Lakhs)

Year	Working Capital	AGR	Loans &Advances	AGR	Net Profit	AGR
2005-06	38718.56	-	28484.01	-	3834.52	-
2006-07	41652.24	7.58	32265.75	13.28	1897.87	-50.51
2007-08	48348.74	16.08	38166.79	18.29	2715.23	43.07
2008-09	58450.77	20.89	45591.74	19.45	7395.76	172.38
2009-10	73787.88	26.24	57658.08	26.47	4183.95	-43.43
2010-11	91003.96	23.33	146156.1	153.49	5347.15	27.80
2011-12	108364.1	19.08	192312.4	31.58	12673.8	137.02
2012-13	131726.5	21.56	126831.4	-34.05	13564.15	7.03
2013-14	149132.3	13.21	141616.4	11.66	16908.65	24.66
2014-15	165495	10.97	158821.3	12.15	19348.93	14.43
Total	906680.1		967904		87870.01	
CAGR	19.27		25.19		27.26	
Mean	90668.01		96790.40		8787.00	
SD	46225.67		62128.59		6318.00	
CV	50.98		64.19		71.90	

Source: Annual Reports (2005-06 to 2014-15), Souharda Co-operative Banks in Karnataka

Graph - 2 Financial Performance of Souharda Co-operative Banks in Karnataka (2005-06 to 2014-15)



The table – 2 and graph – 2 depicts the financial performance of Souharda Co-operative Banks in Karnataka during the study period 2005-06 to 2014-15. It is clearly from the analyzed that the working capital was Rs.38718.56 lakh in 2005-06, which has increased to Rs.165495 lakh in 2014-15. The Loans and Advances was Rs.28484.01 lakh in 2005-06, which has increased to Rs.158821.3 lakh in 2014-15. The Net Profit was Rs. 3834.52 lakh in 2005-06, which has increased to Rs.19348.93 lakh in 2014-15.

Conclusion

The SCBs are leading of the financial conditions and at present financial working of 18 banks under the KSSA Act in the Karnataka State. It is famous and family/honest working of the co-operative banks or institutions and it is also dominantly working structure of the staff and has been training programmes for bank workers. The SCBs are continue to give important to the growth and development of the staff who are the back bone of the banks. It is constantly recruiting and training programmes to staff to meet the challenges from day to day in SCBs in Karnataka. The SCBs are mainly based on services, fully freedom, self-control, self-managed, there is no restrictions etc. This banks was adopted computerized/modern technology facilities and as a healthy network of ethically managed banking institution.

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