

## **CHAPTER III**

### **EVALUATION OF FINANCIAL POSITION AND PROGRESS OF TASGAON URBAN CO- OPERATIVE BANK**

#### **3.1 INTRODUCTION**

The financial position in respect of share capital working capital, profit deposits, reserves, members branches are analyzed and examined in this chapter. Loans and advances of Tasgaon Urban Co-operative Bank and also examined growth and structure of loan and advances of Tasgaon Urban Co-operative Bank and its recovery position during the study period are presented.

#### **3.2 CONCEPT OF PERFORMANCE EVALUATION**

Business enterprise are created for achieving one or more objectives profit motive being the most dominant among all objectives for accomplishing its objectives efficiently and effectively, the firm needs resources which must be optimally utilized. The firm faces the question of the use and allocation of resources at two levels first at the macro level, the firm has to compete for purposes with other firms in the capital market. The Criterion used by the capital market to allocate resources is efficiency, which is conventionally measured in terms of profit. A firm would thus succeed to obtain funds from the capital market if it has been profitable in the past or has a profit making potential in the future. The capital market consists of investors individuals and institutional who decided about the allocation of funds to the firm on the basis of information regarding the financial performance of the firm. Accounting through its financial reports furnishes this information to investor's financial reports or statement in the form of balance sheet and profit and loss account inform investors how the firm has performed.

e firm has been able to gather resources from the capital market at the Micro level if its internal operations, it has to decide allocation of resources to its various projects; activities and assets. The firm needs relevant information for making decisions of internal use of resources. Financial information is needed by investor's creditors, management, Govt., and society. Financial information is required to predict, compare, and

evaluate the firm earnings obviate.

The financial information includes the financial statement, Balance sheet, profit and loss account income statement etc. From the financial information which have been received from the financial statement and tested the profitability and efficiently of firm or enterprises which is called performance appraisal. The accounting system identifies and gathers relevant data from the financial statement. The process of data accumulation involves recording and analysis of economic events financial statement also performance the measurement function. The firm performs apprised from the financial statement financial statement is a basic of the enterprise which is used for investors and outsiders to take decision and valued it. Thus performance appraisal of the firm can be done by the financial statement.

### **3.3 CONCEPT OF FINANCIAL STATEMENTS: -**

The term financial statements have a very ancient historical background. It is as old as the term Accountancy. But it did not enjoy any significance during the last few decades because the scope of business was limited as ownership and management consisted of the self same group of business who was responsible for the fruits of their business. With liberalization and globalization in the world today, financial statements are increasingly studied and used by various classes of people who are directly or indirectly related and interested primarily in the short term liquidity of the firms and its ability to need the debts as and when they full due, long term lenders are concerned about the ability of the firm to service its debts over the next three to ten years; while shareholders and potentials investors are interested in the yield and safety of their funds. Importance of financial statement has also increased due to government regulations, awareness about. The American Institutes of Certified Public Chartered Accountant states that "Financial statement reflect a combination of recorded facts, accounting conventions and personal judgments and the judgments and conventions applied affect them materially the social rights among consumers and labor union, increasing insecurity of investors funds etc." However now it is obligatory for every organization to prepare financial statements as per the annual report.

But in the modern accounting system "The statement of retained earnings, "Earning Per Shares" (EPS) and statement of change in financial position" are also considered as important financial statements. It is very well known that the financial statements basically refer to balance sheet and profit and loss account or income statement, of course these two basic statement are supported by a number of schedule, annexure supplement statements explanatory notes, footnotes etc. Therefore all these financial statements are having good amount of their importance in the annual accounts of an organization. These statements are prepared on the basis of the transactions that have taken place during the accounting period.

As financial statements are the final products of accounting work, done during the financial period, they can be termed as summarized reports of accounting transactions. They are prepared for the purpose of presenting a periodic review of the progress made by the enterprise or management. "The Financial Statement reflects a combination of recorded facts, accounting conventions and personal judgments, and the judgments and conventions applied affect them materially." Thus financial statements are the supported statements are a mirror image of the position of an enterprise regarding earning, profit ability to operate in future, change in its own goals and attain at targeted level. Thus they portray a picture of success or failure of the business that reflects the effectiveness and efficiency of management. In short financial statements are the pillars of accounting systems.

#### **Balance sheet:-**

The concept of Balance sheet is as old as the concept of accounting. The first balance sheet was prepared in 1340 (2). Balance sheet is one of the most significant financial statements. It indicates the financial condition or the state of affairs of a business at a Particular moment of time. Balance sheet contains information about resources and obligations of a business entity and about its owners interest in the business at a particular point of time. Assets and Liabilities are shown in the balance sheet. It also indicates the properties and obligations of a business entity. It is based on the equation.

$\text{Net Assets} = \text{Total Assets} - \text{Total Liabilities}$

It provides a snapshot of the financial position of the firm at the close of the firm's accounting period. In joint stock companies, the balance sheet is prepared as per section 211 of companies' act 1956, In banking sector however it is prepared as prescribed in the third schedule under section 29 of Banking Regulation Act 1949 but in Co-Operative banking sector there is no any format is prescribed by the Banking Regulations act 1949.

According to **I.M. Pandey** following are three important functions of Balance sheet

- (a) It gives a summary of the firm's assets and liabilities.
- (b) It is a measure of the firm's liquidity.
- (c) It is a measure of the firm's solvency.

A balance sheet contains information about the assets liabilities and owner's interest in the business at a particular point of time. Suppose a balance sheet of a firm prepared as on 31st March 2003 reveals the financial position on this specific date "The balance sheet is a statement which reports the values of properties owned by the enterprise and claims of creditors and owners against these properties." Thus balance sheet is a statement of assets, liabilities and owner's equities at their respective book values of a business firm as on a specific date. In short it can be said that a balance sheet is a "Status Report" indicating the financial condition of an enterprise. It can be prepared in horizontal vertical or step format.

**Income Statement: -**

Income statement termed as a profit and loss Account is a financial statement. A balance sheet as discussed above indicates firm's financial position at a specific date. Hence it is considered as a very significant statement by bankers and lenders. But it fails to indicate whether firm is making profit or losing money. Therefore creditors and financial analysts have recently started paying more attention to earning capacity of the firm which is reflected by profit and loss account or income statement. It is a scoreboard of the firm's performance during a period of time. It is a flow statement.

According to **Guthman H.G.** “The statement of profit and loss is the condensed and classified record of the gains and losses causing change in the owner's interest for a period of time” Income statement indicates the result of business operations during two balance sheet dates. This net result of may be favorable or unfavorable. If favorable the result, is net profit and if unfavorable the result, is net loss. In other words it is a summary report of income and expenses incurred in the regular course of business during a particular accounting period. The income statement shows the incomes and expenses of a business enterprise over a period of time and then gives final figures representing the amount of profit or loss for the accounting period. It is the performance report of an enterprise indicating change in income and expenses due to business operations conducted during a particular accounting period and suggest a long range view of a business and shows where it is leading to. The income statement can also be presented in a vertical or horizontal form.

### **3.4 STATEMENT OF RETAINED EARNING: -**

Statement of retained earning indicates the cause and magnitude of changes in the retained earnings of the concur during the year. It begins with the amount of accumulated profits and concludes with the amount of undistributed earnings. It is prepared to show the amount of profits transferred to reserves, payment of interim dividend, proposed dividend and appropriations. It follows the income statement and provides a link between the income statement and the balance sheet.

### **3.5 STATEMENT OF SOURCES AND USES OF FUNDS: -**

It is a statement summarizing the financing and investing activities of an enterprise indicating where the financial resources have come from and where they have gone. It measures the changes that occur in assets, liabilities and other accounting aspects of business operations and trace the reasons for such changes.

### **3.6 THE CONCEPT OF FINANCIAL ANALYSIS:-**

Financial statements are only the means of providing general information regarding operational results and financial position of a business. These statements merely contain financial data about business events which do not reveal any significant conclusions such as efficiency of the management, strength and weakness of the firm, index of future progress etc. The analysis is done by properly establishing the relationship between the items of balance sheet

and profit and loss account. The first task of financial analysis is to determine the information contained in the financial statement. The second step is to arrange information in a way to highlight significant relationship. The final step is interpretation and drawing of inferences and conclusions. Thus financial analysis is the process of selection, reviewing and evaluation of the accounting information.

### **3.7 SIGNIFICANCE OF FINANCIAL ANALYSIS: -**

The basic limitations of the traditional financial statements comprising the balance sheet and the profit and loss account is that they do not give all the information related to the financial operations of a firm. Nevertheless they provide some extremely useful information to the extent that the balance sheet is a mirror of the financial position on a particular date in terms of the structure of assets, liabilities and owner's equity and so on and the profit and loss account shows the result of operations during the year. Thus the financial statements provide a summarized view of the financial position and operations of a firm. Therefore; much can be learnt about a firm from a careful examination of its financial statements as invaluable documents performance report. The analysis of financial statement is, thus an important aid to financial analysis. The focus of financial analysis is on key figures in the financial statements and the significant relationship that exist between them

### **3.8 COMPARATIVE FINANCIAL STATEMENT ANALYSIS: -**

Comparative financial statements are statements of financial position of a concern so designed as to facilitate comparison of different accounting variables and thereby draw useful conduciveness. According to the **M.R. Agrawal** “Comparative financial statements are those statements which summarize and present related accounting data for a number of years incorporating therein the changes (absolute or relative or both) in individual item.<sup>10</sup> In these statements, the financial data for two or more years are placed and presented in adjacent columns. So that it may provide a true perspective in order to facilitate period comparison. It is also comparative financial statements are usually prepared with special columns indicating absolute data for each of the period and changes in it terms of rupees as well as in terms of percentages. The comparative financial statements is to ascertain the changes accruing year by

year in each item of assets, liabilities and net worth shown in the financial statements of a business firm and whether such changes are favorable or adverse.

#### **1.15 Trend Analysis: -**

A study based on trend percentage is known as trend analysis. Trend analysis indicates the trend of progress during past several years. Trend percentages are helpful in making a comparative study of financial statements for several years as it indicates increase or decrease in an item along with the magnitude of change in percentage. According to **R. A. Kennedy and S.**

**Y. Mc Mullen** “For the purpose of financial appraisal, an effective use of financial ratios can be made by observing the behavior of ratios over period of time”.<sup>11</sup> As one of the management tools, the importance of looking into tendency of events between financial statements prepared at different period cannot be lost sight of where the business was? Where the business is ? And where the business will be? All these uses being clearly revealed through trend analysis. According to **M.R. Agrawal** “The trend analysis is the method of analyzing financial position of a business on the basis of changes in the items of financial statement of successive years in

comparison a specific date or period commencement of study.

**Ratio Analysis: -**

Analysis of financial statement based on ratios is known as ratio analysis. Ratio analysis is a technique of presenting internal and external events affecting the business transaction relating to its operations, operating results and attainment of pre-determined goals and objectives of a business in brief and summary form.

According to **Belverd-E-Needless** “Ratio guides or short cuts that are useful in evaluating the financial position and operations of a company and in comparing them with previous years or with other companies. The primary purpose of ratio is to point out areas for further investigations. They should be used in connection with a general understanding of the company and its environment.

The current ratio is balance-sheet financial performance measure of company liquidity. The current ratio indicates a company's ability to meet short-term debt obligations. The current ratio measures whether or not a firm has enough resources to pay its debts over the next 12 months. Potential creditors use this ratio in determining whether or not to make short-term loans. The current ratio can also give a sense of the efficiency of a company's operating cycle or its ability to turn its product into cash. The current ratio is also known as the working capital ratio.

**Calculation (formula)**

The current ratio is calculated by dividing current assets

by current liabilities: The current ratio = Current Assets /

Current Liabilities

Both variables are shown on the balance sheet (statement of financial position)

**Norms and Limits**

The higher the ratio, the more liquid the company is. Commonly acceptable current ratio is 2; it's a comfortable financial position for most enterprises.



Acceptable current ratios vary from industry to industry. For most industrial companies, 1.5 may be an acceptable current ratio. Low values for the current ratio (values less than 1) indicate that a firm may have difficulty meeting current obligations. However, an investor should also take note of a company's operating cash flow in order to get a better sense of its liquidity. A low current ratio can often be supported by a strong operating cash flow.

If the current ratio is too high (much more than 2), then the company may not be using its current assets or its short-term financing facilities efficiently. This may also indicate problems in working capital management. All other things being equal, creditors consider a high current ratio to be better than a low current ratio, because a high current ratio means that the company is more likely to meet its liabilities which are due over the next 12 months.

### **Fixed Assets to Net Worth:-**

**Fixed assets to net worth** is a ratio measuring the solvency of a company. This ratio indicates the extent to which the owners' cash is frozen in the form of fixed assets, such as property, plant, and equipment, and the extent to which funds are available for the company's operations (i.e. for working capital).

### **Calculation (formula)**

$$\text{Fixed assets to Net Worth} = \text{Net fixed assets} / \text{Net worth}$$

### **Norms and Limits**

Fixed assets to net worth ratio 0.75 or higher is usually undesirable, as it indicates that the firm is vulnerable to unexpected events and changes in the business climate. But the term "fixed assets" (non-GAAP term) has different interpretations so it's difficult to use and compare this ratio. That is why we prefer to use similar ratio "Non-current assets to net worth" implicating IFRS term "Non-current assets".

## **Working Capital:-**

Working capital is the amount by which the value of a company's current assets exceeds its current liabilities. Also called net working capital. Sometimes the term "working capital" is used as synonym for "current assets" but more frequently as "net working capital", i.e. the amount of current assets that is in excess of current liabilities. Working capital is frequently used to measure a firm's ability to meet current obligations. It measures how much in liquid assets a company has available to build its business. Working capital is a common measure of a company's liquidity, efficiency, and overall health. Decisions relating to working capital and short term financing are referred to as *working capital management*. These involve managing the relationship between an entity's short-term assets (inventories, accounts receivable, cash) and its short-term liabilities.

### **Calculation (formula)**

Working capital (net working capital) = Current

Assets - Current Liabilities Both variables are shown on the balance sheet (statement of financial position).

### **Norms and Limits**

The number can be positive (acceptable values) or negative (unsafe values), depending on how much debt the company is carrying. Positive working capital generally indicates that a company is able to pay off its short-term liabilities almost immediately. In general, companies that have a lot of working capital will be more successful since they can expand and improve their operations.

Companies with negative working capital may lack the funds necessary for growth. Analysts are sensitive to decreases in working capital; they suggest a company is becoming overleveraged, is struggling to maintain or grow sales, is paying bills too quickly, or is collecting receivables too

slowly. Though in some businesses (such as grocery retail) working capital can be negative (such business is being partly funded by its suppliers)

### **Debt-to-Equity Ratio:-**

The debt-to-equity ratio (debt/equity ratio, D/E) is a financial ratio indicating the relative proportion of entity's equity and debt used to finance an entity's assets. This ratio is also known as financial leverage.

Debt-to-equity ratio is the key financial ratio and is used as a standard for judging a company's financial standing. It is also a measure of a company's ability to repay its obligations. When examining the health of a company, it is critical to pay attention to the debt/equity ratio. If the ratio is increasing, the company is being financed by creditors rather than from its own financial sources which may be a dangerous trend. Lenders and investors usually prefer low debt-to-equity ratios because their interests are better protected in the event of a business decline. Thus, companies with high debt-to-equity ratios may not be able to attract additional lending capital.

### **Calculation (formula)**

A debt-to-equity ratio is calculated by taking the total liabilities and dividing it by the shareholders' equity:

$$\text{Debt-to-equity ratio} = \text{Liabilities} / \text{Equity}$$

Both variables are shown on the balance sheet (statement of financial position).

### **Norms and Limits**

Optimal debt-to-equity ratio is considered to be about 1, i.e. liabilities = equity, but the ratio is very industry specific because it depends on the proportion of current and non-current assets. The more non-current the assets (as in the capital-intensive industries), the more equity is required to finance these long term investments.

For most companies the maximum acceptable debt-to-equity ratio is 1.5-2 and less. For large public companies the debt-to-equity ratio may be much more than 2, but for most small and medium companies it is not acceptable. US companies show the average debt-to-equity ratio at about 1.5 (it's typical for other countries too).

In general, a high debt-to-equity ratio indicates that a company may not be able to generate enough cash to satisfy its debt obligations. However, a low debt-to-equity ratio may also indicate that a company is not taking advantage of the increased profits that financial leverage may bring.

#### **Net Worth:-**

**Net worth** is the difference between a company's total assets and its liabilities. Net worth is also known as stockholders' (or owners') equity. In accounting and financial analysis the term "net worth" is also equivalent to the term "net assets".

#### **Net Assets:-**

The term "**net assets**" is the alternative term for "equity" (i.e. the total assets of a business minus its total liabilities). It is also equivalent to term "net worth". The term is not widely used in the business community versus the other mentioned terms.

**Return on investment (ROI)** is performance measure used to evaluate the efficiency of investment. It compares the magnitude and timing of gains from investment directly to the magnitude and timing of investment costs. It is one of most commonly used approaches for evaluating the financial consequences of business investments, decisions, or actions.

If an investment has a positive ROI and there are no other opportunities with a higher ROI, then the investment should be undertaken. A higher ROI means that investment gains compare favorably to investment costs.

ROI is an important financial metric for:

- asset purchase decisions (such as computer systems, machinery, or service vehicles)
- approval and funding decisions for projects and programs of different types (for example marketing programs, recruiting programs, and training programs)
- Traditional investment decisions (for example management of stock portfolios or the use of venture capital).

### **Calculation (Formula)**

To calculate return on investment, the benefits (or returns) of an investment are divided by the costs of the investment. The result can be expressed as a percentage or a ratio.

Return on Investment (ROI) = (Gains from Investment – Cost of Investment) / Cost of Investment

It should be noted that the definition and formula of return on investment can be modified to suit the circumstances -it all depends on what is included as returns and costs. For example to measure the profitability of a company the following formula can be used to calculate return on investment.

Return on Investment = Net profit after interest and tax / Total Assets

### **Norms and Limits**

One drawback of ROI is that it by itself says nothing about the likelihood that expected returns and costs will appear as predicted. Neither does it say anything about the risk of an investment. ROI simply shows how returns compare to costs if the action or investment brings the expected results. Therefore, a good investment analysis should also measure the probabilities of different ROI outcomes. It is important to consider both the ROI magnitude and the risks that go with it.

### **3.9 RETURN ON CAPITAL EMPLOYED (ROCE):-**

Return on capital employed (ROCE) is a measure of the returns that a business is achieving from the capital employed, usually expressed in percentage terms. Capital employed equals a company's Equity plus Non-current liabilities (or Total Assets – Current Liabilities), in other words all the long-term funds used by the company. ROCE indicates the efficiency and profitability of a company's capital investments.

ROCE should always be higher than the rate at which the company borrows otherwise any increase in borrowing will reduce shareholders' earnings, and vice versa; a good ROCE is one that is greater than the rate at which the company borrows.

#### **Calculation (formula)**

$$\text{ROCE} = \text{EBIT} / \text{Capital Employed} = \text{EBIT} / (\text{Equity} + \text{Non-current Liabilities}) = \text{EBIT} / (\text{Total Assets} - \text{Current Liabilities})$$

A more accurate variation of this ratio is return on average capital employed (ROACE), which takes the average of opening and closing capital employed for the time period.

One limitation of ROCE is the fact that it does not account for the depreciation and amortization of the capital employed. Because capital employed is in the denominator, a company with depreciated assets may find its ROCE increases without an actual increase in profit.

#### **EBIT (Earnings before Interest and Taxes):-**

EBIT (Earnings before Interest and Taxes) is a measure of a entity's profitability that excludes interest and income tax expenses. Interest and taxes are excluded because they include the effect of factors other than the profitability of operations. EBIT (also called operating profit) shows an entity's earning power from ongoing operations.

#### **Calculation (formula)**

EBIT = Profit (loss) + Finance costs + Income tax expense

**Used List of Ratios:-**

**1. Fixed Assets to Proprietary Fund Ratio**

Fixed Assets to Proprietary Fund Ratio = Fixed Asset/Proprietor's Fund.

**2. Working Capital to Net Worth**

Working Capital to Net Worth = Working Capital/Net Worth

**3. Solvency Ratio**

Solvency Ratio = Total Assets/Total Liabilities

**4. Fixed Assets to Net worth Ratio**

Fixed Asset to Net worth Ratio = Fixed Asset/ Net Worth

**5. Earning Per Shares (EPS).**

Earning per Shares (EPS) = Net Profit after Tax and Interest/Number of Equity Shares

**6. Proprietary Ratio.**

Proprietary Ratio = Shareholders' funds/Total tangible assets.

**7. Profitability Ratio**

Profitability Ratio = Operating Profit/ Capital employed\*100

**8. Price Earnings Ratio**

Price Earnings Ratio = Market Price Per Share/Earning Per Share

**9. Dividend Yield Ratio**

Dividend Yield Ratio = Dividend per Share/Market Value per Share

**3.10 FUNDS FLOW ANALYSIS: -**

In financial statements, balance sheet shows assets, liabilities and equity of the firm at a certain moment of time. Profit and loss account depicts operating results over a period of time. Fund Flow analysis is an

analysis of sources and uses of funds. It highlights the changes in the financial composition of an undertaking between two dates. As per Accounting Standard Board of ICAI “A statement which summaries for the period covered by it the changes in financial position including the sources from which the funds were obtained by the enterprise and the specific uses to which the funds were applied. Thus funds flow statement is not a statement of financial position at a particular date, but it is a report of financial operations, changes, flows and movement of funds. It is an important financial technique widely used by financial analysis, investors and bankers for judging.

- (i) The financial strength of an enterprise.
- (ii) The effectiveness of its financial policies
- (iii) An understanding regarding the ability of a concern to use funds effectively in its best interest.

According to techniques such as Ratio Analysis Trend analysis, comparative statement analysis and common size Analysis have been used for the purpose of study.

### **3.11 PROFILE OF SANGLI DISTRICT**

After Independence, Tasgaon, Khanapur, Walwa, Shirala, Miraj and Jath Tehsil were known as the Tehsil of the south Satara district. The name of the south Satara district was changed as Sangli district on date 21-11-1960. Miraj and Khanapur Tehsil were divided in two new Tehsil namely Kavathe-Mahankal and Atpadi in 1965. Afterwards Khanapur and Tasgaon Tehsil were divided in to a Palus Tehsil on 1-7-1999 then Palus and Khanapur Tehsils divided and converted in to Kadegaon Tehsil in 2003.

At present, there are 10 Tehsils in Sangli district. It includes Sangli, Miraj and Kupwad Corporation and Islampur, Ashta, Tasgaon and Vita Municipal Corporation.

### **GEOGRAPHICAL LOCATION**

The Sangli district lies between 16<sup>0</sup>-45 and 17<sup>0</sup>-22 north latitude and 73<sup>0</sup>-42 and 75<sup>0</sup>-40 east longitude. The Sangli district geographical area is 8572 Sq.



Kilometers and it is 21<sup>st</sup> highest geographical area in Maharashtra State. It is at a height of 553 meter from normal sea level. The Sangli district is located at the extreme South of the state and boarding between the states of Maharashtra and Karnataka. The district lies in the north Ratnagiri district in the west and South west Belgaum and Bijapur district of Karnataka. Therefore the district is having the culture of two states. The Sangli district is geographical divided into three zones. These are western zone, central zone and eastern zone. The district lies in the southern part of Maharashtra State. Total area under Sangli District is about 8572 sq. km

### **NATURE OF LAND**

According to the nature of land, climate and rainfall there are three natural zones in the Sangli District. One is western hilly section and heavy rainfall zone, second is medium rainfall and river valleys plain area and third is eastern flat tops drought prone. The area of Sangli District is composed of hill ranges and plains. The main range of Sahyadri runs north and south for a length of about 117 km. also narrow ranges with flat tops stretch eastwards and gradually sink in to the plain. The soils varied texture and structure are found in Sangli District. The soil in the District varies from deep black in the river valleys to shallow grey in the hilly areas.

The soil in the western part of District, comprising area of Shirala Tehsil, is formed from red laterite mized with hard murum due to hilly nature of the zone. The central portion of district, which covers the areas of wa-wa, Tasgaon (part) and Miraj (part) Tehsils has deep black soil capable of yielding bumper Kharif crops. These soils are highly retentive of moisture and therefore the land is suitable to grow rabbi crops are habituated to grow commercial crops like sugarcane, chilies, turmeric, tobacco etc. this central portion is rich agricultural tract in the district. The hilly tract on the east comprises parts of Khanapur, Miraj, and Tasgaon Tehsils. These areas are best suited to produce jawar and bajara. The extreme eastern portion of districts includes Jath, Atpadi, Kavathe Mahankal and remaining part of Khanapur Tehsil. This area is having certain rainfalls and poor soils and hence this area is known scarcity tract. The jawar, bajara, cotton, groundnut etc. are usually grown in this area, but it's not yield is very less as

compared to central part of the district.

The soils in the district are lighter in the west than in the east. They mainly belong three classes viz, black, red and brown. In some places one class of soil blends with another in varying proportion and is in turn modified by sand, gravel, lime, salts and other ingredients. The soils of Sangli District are not homogeneous and are of different qualities. The demand for agricultural labourers comes only from the area where the quality of soil is good and rainfall is average.

### **URBAN POPULATION OF SANGLI DISTRICT 2011**

Out of the total Sangli population for 2011 census, 25.49 percent lives in urban regions of district. In total 719,357 people lives in urban areas of which males are 364,604 and females are 354,753. Sex Ratio in urban region of Sangli district is 973 as per 2011 census data. Similarly child sex ratio in Sangli district was 889 in 2011 census. Child population (0-6) in urban region was 76,494 of which males and females were 40,500 and 35,994. This child population figure of Sangli district is 11.11 % of total urban population. Average literacy rate in Sangli district as per census 2011 is 86.24 % of which males and females are 90.63 % and 81.76 % literates respectively. In actual number 554,373 people are literate in urban region of which males and females are 293,744 and 260,629 respectively.

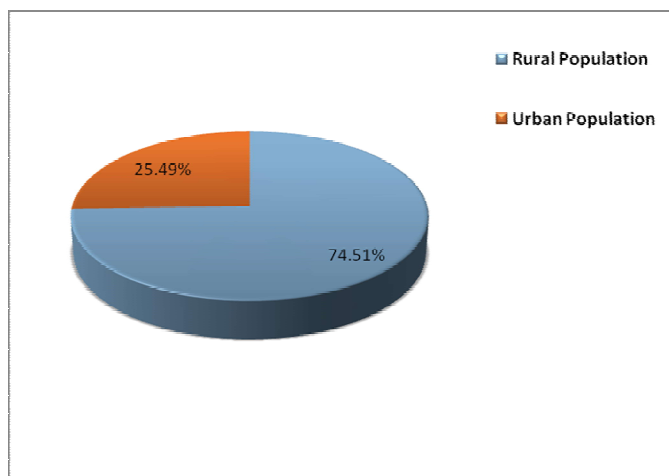
### **RURAL POPULATION OF SANGLI DISTRICT 2011**

As per 2011 census, 74.51 % population of Sangli districts lives in rural areas of villages. The total Sangli district population living in rural areas is 2,102,786 of which males and females are 1,071,124 and 1,031,662 respectively. In rural areas of Sangli district, sex ratio is 963 females per 1000 males. If child sex ratio data of Sangli district is considered, figure is 859 girls per 1000 boys. Child population in the age 0-6 is 230,283 in rural areas of which males were 123,855 and females were 106,428. The child population comprises 11.56 % of total rural population of Sangli district. Literacy rate in rural areas of Sangli district is 79.84 % as per census data 2011. Gender wise, male and female literacy stood at 87.39 and 72.12 percent respectively. In total, 1,495,094 people were literate of which males and females were 827, 806 and 667, 288 respectively

All details regarding Sangli District have been processed by us after receiving from Govt. of India. We are not responsible for errors to population

census details of Sangli District.

**Pie Graph No. 3.2**  
**Rural and Urban Population in the Sangli District**



### **TEHSIL-WISE POPULATION**

The following Table No. 3:4 shows the classification of Tehsil-wise population, Number of Households, Density of population, sex ratio and number of agricultural labourers in the year 2001

**Table No. 3:1**

**Tehsil-wise Population, Number of Households, Density, Sex Ratio  
and Agricultural Labourers**

<b>No</b>	<b>Name of Tehsils</b>	<b>Population (Thousands)</b>	<b>House Holds (Thousands)</b>	<b>Density</b>	<b>Sex Ratio</b>	<b>Agricultural Labourers</b>
1	Miraj	756	150	816	943	36028
2	Shirala	158	32	248	1020	7962
3	Walwa	427	83	553	938	43546
4	Palus ( Est. July 1999))	157	30	337	930	23942
5	Khanapur	162	33	222	1000	20860
6	Atpadi	125	23	151	986	8781
7	<b>Tasgaon</b>	<b>232</b>	<b>45</b>	<b>230</b>	<b>165</b>	<b>18467</b>
8	Kavathe Mahankal	144	28	2197	962	10381
9	Jath	283	51	129	948	21473
10	Kadegaon (Mar2002)	135	27	N.A.	984	N.A.
	<b>Total</b>	<b>5283</b>	<b>506</b>	<b>301</b>	<b>957</b>	<b>191490</b>

**Source: The census of Sangli District 2001**

Above Table shows that Tehsil-wise population, number of households, density of population, sex ratio and number of agricultural labourers etc. Palus Tehsil is established on 1<sup>st</sup> July 1999. Walwa Tehsil is on second rank. Jath Tehsil is on 3<sup>rd</sup> rank. The data of Kadegaon Tehsil (which is established in March 2002) is not available.

### 3.12 BANKING NETWORK IN THE SANGLI DISTRICT

**Table No 3:2**

**Banking Facilities in the District** (Up to 31<sup>st</sup> March, 2011)

Sr. No	Nature of Banks	No. of Bank Branches			
		Rural	Semi Urban	Urban	Total
1	National Banks	52	32	38	122
2	Schedule Comm. Banks	32	21	18	71
3	Sangli D.C.C. Bank and its Branches	182	25	12	219
4	S. L. D. B.	01	09	02	12
5	Regional Rural Bank	0	0	01	01
<b>Total</b>		<b>267</b>	<b>87</b>	<b>71</b>	<b>425</b>

**Source- Lead Bank, Bank of India Sangli**

Sangli district is having an excellent network of bank branches with adequate branches in rural area. The position of banking facilities is given in the Table No 3:9 there are 425 total bank branches in the Sangli district up to 31<sup>st</sup> March, 2011. Out of 231 bank branches are co-operative banks and 193 are commercial banks. Only one bank is regional rural bank. In the Sangli District there are Seventeen nationalized banks, one regional bank, four private banks, one District Central Co-operative bank and agricultural and rural multipurpose development bank. Of these banks Sangli District Central Co-operative bank has the largest network of rural branches and as such it plays a pivotal role in disbursing the rural credit. The number of nationalized banks and scheduled commercial banks is also significant in the Sangli district. Out of the total branches 63 percent branches are the in the rural area, 20 percent in semi urban area and only 17 percent in urban area. The Bank of India is worked as a Lead Bank for Sangli District. The average population in rural areas served by branches of Commercial Bank is 15002. It is very important to note that, out of rural bank branches, 43 percent of branches are Sangli district Central co-operative Bank.

### 3.13MASSIVE INCREASE IN DEPOSITS AND CREDIT

**Table No 3:3**

#### **Major Banks Deposits and Credits in the Sangli District**

(Up to Dec. 2011) (Rs. In Corers)

<b>No.</b>	<b>Name of the Banks</b>	<b>Deposits</b>	<b>Credit</b>
1	Sangli District Central Co-operative Bank	2119	1600
2	Bank of India	1059	646
3	State Bank of India	1036	623
4	Bank of Maharashtra	556	223
5	I.C.I.C.I Bank	289	82
6	The Ratanakar Bank Ltd.	280	190
7	I.D.B.I Bank	200	197
8	Axis Bank	133	103
9	Federal Bank	121	77
10	Credit Co-operatives Societies & Urban banks	1335	N.A.
11	* Post Office	675	N.A.
12	* Share Market Investment	700	N.A.

**Source – Lead Bank, Bank of India, Sangli**

Above Table No.3:10 show the present position of bank deposits and advances of Major Commercial Banks, Nationalized Banks, and Co-operative banks as well as the deposit of post office savings in the Sangli district. The data in the above shows the massive increase in deposits and advances of banking sector in Sangli district up to December 2011. It is important to note that, the total deposits in banking sector and other sector of Sangli district is 12,500/- corers. Sangli district central co-operative bank has 182 branches with highest deposits of Rs. 2119 corers. Deposit of Nationalized and commercial banks is about Rs. 6000 corers. The deposit of credit co-operative institutions are about Rs. 3500 corers and remaining all the investment is in share market about Rs. 700 corers and various schemes of saving in post office is about Rs.675 corers. In last 20 years, there is a massive increase in bank branches, accounts holders and various bank

facilities. It resulted in the increase in various bank transactions particularly deposits credit advances in Sangli district.

The growth in the number of bank branches has promoted banking habits in the people on large scale. Most of the people prefers to deposit money in banking sector and prefers to withdraw it through cheque and ATM and seek credit from the banks in need.

The banking sector has given attention to provide credit facilities to priority sectors. They provide loans to priority sector at concessional rate of interest. Banking sector provides credit to agricultural, small scale industries, small business namely retail trade, housing, road transport operators, self employed persons and professional etc. It is very significant to note that the priority sectors namely agricultural sector and small scale industries accounts for a major share in the total advances of banking sector of Sangli district. In this way, the banking system in the Sangli district has acquired important status in an expanded economy of Sangli district.