A STUDY OF PERFORMANCE EVALUATION OF TASGAON URBAN CO-OPERATIVE BANKS IN TASGAON TALUKA

Final Report of Minor Research Project

Submitted to
The Joint Director,

University Grant Commission

Western Regional Office, Ganeshkhind, Pune- 411007

Principal Investigator

MR.MANIKRAO DHONDIRAM PATIL,
Associate Professor & HOD
Department of Commerce,

PADMBHUSHAN DR. VASANTRAODADA PATIL MAHAVIDYALAYA,
TASGAON, SANGLI- 416312

File No: 23-106/12(WRO), 5Feb 2013

JULY 2019

CONTENTS

ACKNOWLEDGEMENT

I wish to express my deep sense of gratitude and appreciation to UGC for granting me this Minor Research Project which is a great opportunity for me to extend my horizons of knowledge regarding the research work.

I owe a special word of gratitude to Honorable Shri Abhaykumar Salunkhe President, Shri Swami Vivekanand Shikshan Sanstha, Kolhapur. Secretary, Shri Swami Vivekanand Shikshan Sanstha, Kolhapur, Principal Dr.
R.R. Kumbhar and Principal Dr. Milind Hujare for giving me golden opportunity to do this research work.

I further wish to convey my sincere thanks and acknowledgements to the Prof. K.S. Patil, Dr. V.Y. Pawar , Librarian Prof. M.G.Patil , Office Superintendent Mr. M.B.Kadam, Acountant Mr. M.K.Patil and all my colleagues, P.D.V.P. Mahavidyalaya, Tasgaon for motivating and encouraging me during the study.

I am thankful to all the members of Commerce department Dr. A. G. Sonawale, Dr. B. J. Kadam, Mr. Patil G.R., Mrs. Savita Walvekar and Mrs. Smita Paneri who have supported and promoted me a lot to complete my research work.

I am also thankful to all authors of reference books, reports and articles on the subject.

At the last but not the least I am also grateful to all those who directly or indirectly helped me to bring out this research work successfully.

- Prof. Patil M.D.

LIST OF TABLES

LIST OF GRAPHS

CHAPTER I

INTRODUCTION

1.1 INTRODUCTION.

The Co-operative movement was started in India to ameliorate the condition of that co-operation offers a solution to the difficulties but also by the town man in regard to credit as well as other aspects of his business and like. The Mac Lagan Committee on Cooperation pointed out as early as 1915 that, "Urban Credit Societies may serve useful purpose in training the upper and middle classes to understand ordinary banking principles". In 1931 the Central Banking Enquiry Committee recommended that, "limited liability of cooperative societies generally known as urban banks should be established wherever necessary facilities and conditions exist for the benefit of middle classes of the population. We do not see any objection to special societies for salary earners if these societies are looked upon as thrift societies for collecting and investing the savings of their members. The duty of these urban banks should be to try to do for the small trader, the small merchant and the middle class population as like what the commercial banks are doing for the big trader and the big merchant."

Urban Cooperative Banks have a prestigious place in the Cooperative Credit Structure. These banks in our country have been started and promoted by the corporate without government assistance. These institutions had glorious past of being voluntary in nature democratic in management and self reliant in financial position with less risk in operations. Despite the fact that their growth is heterogeneous, they have glittering future even in this competitive market situation in the banking industry.

Now, in new liberalized economic environment, the cooperatives enjoyed the special treatment from Government of India, State Government, Reserve Bank of India and all other policy making bodies during the last 50 years. Because of changed economic policies of Indian Governments the cooperatives have landed in a competitive set-up. In this competitive environment, the survival and the future of the cooperatives depend upon their performance.

Cooperation is a real way of life, a true democratic process and it imbibes human values. Cooperation not only units people physically but also integrates good qualities of human life. Cooperation is a lamp, which shows a path in today's changing socio-economic scenario. It is the only solution to the problem of disintegration of classes which is the outcome of today's market economy, which is purely based on the principle of execution. In the process of Globalization, cooperation is the only helping hand for the people which otherwise will be thrown out of the development process. Cooperation will strengthen the exploited classes and the weaker sections of the society to stand firmly in this changing scenario.

Cooperative movement in India is seen as a means to attain socialistic pattern of society. In order to accelerate the rate of economic growth and to fulfill social justice within the framework of National Policy, cooperative sector has played significant role in India. Urban Cooperative Banks played a very important role in fostering and institutionalizing of saving and channelizing funds for the socio-economic development of the country. Urban Cooperative Banks in India have done a commendable work in providing banking facilities to millions of people, served a larger social purpose in accordance with national priorities.

The Cooperative Banks are an important component of the economy of the country and provide financing for small economic activities which include the small traders, transport operators, small scale industries and financial services to the people with small means. The importance of banks to national economies is underscored by the fact that banking is universally a regulated industry and that banks have access to government safety nets. The management of the UCBs is rest with the board of directors mostly who are the elected political leaders and businessmen's and not possess the required knowledge about banking or laws. It is crucial therefore those banks have strong Corporate Governance. The UCBs have already fixed out a niche for themselves in the banking sector. However, which liberalization and globalization, the UCBs sector has to compete with others who are making roads into their domain. The threat and risks to the UCBs are not going to come from foreign banks or private commercial banks, as much as the threats they face from the growth of Self Help Groups (SHGs) and numerous Non-banking Financial Institutions. The Self Help Groups and Non-banking Financial Institutions such as Chit Funds are getting a poor hold in the market, where the presence of UCBs should have been strong and wide spread. If the UCBs sector had catered to the financial needs of the middle class urban population, there would have been no need for chit funds and self help groups to enter the institutional finance sector. However, the UCBs sector on account of various weaknesses allowed the entry of these players into the market and in many ways competes for the business. The urban co-operative banking sector can still overcome competition by reaching out to the masses that need low cost and efficient financial services. The UCBs sector needs to build up a mass cooperative banking structure which will provide financial services to the common people in the urban areas.

1.2 HISTORICAL PERSPECTIVE OF URBAN COOPERATIVE BANKS.

The Urban Cooperative Credit Bank movement originated in Germany when Harman Schultz started such societies for the benefit of artisans in the cities. Mr. Schultz found a friendly society to provide credit for relief in sickness founded in his native town the first loan society in 1850 and Dr. Hog established Dairy Cooperative Banking for the development of dairy enterprise. Dr. Hog's bank improved dairymen's like in the rural and sub-urban parts of Germany and Schultz model was designed to improve the social and economic life of urban part of Germany. The attractive business of cooperative banks of Germany created an ideal situation for the growth of cooperative banking at an international level in the year 1849 to 1890.

1.3 DEFINITIONS OF URBAN COOPERATIVE BANKS.

The definitions of Urban Cooperative Banks given by different individuals and committees are given below. In general Urban Cooperative Bank can be defined as, "A voluntary association of individuals with unrestricted membership and collectively owned resources formed by small businessman, professionals and / or wage earners, conducted on a democratic basis under joint management and for mutual service by accumulating the savings of the members and granting them credit on easy terms of interest and repayment, surpluses being placed to reserves or distributed between depositors and shareholders, the association also using the joint responsibility of its members as a security for loans obtained for its members from outside sources" The Mehta Bhansali Committee (1939) defined Urban Cooperative Banks, as "All Urban Credit Societies having paid-up share capital of Rupees 20000/- and over and accepting deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order, come within the category of urban cooperative banks". Madhav Das Committee has defined urban cooperative banks as "a Primary Cooperative Bank and is defined a cooperative society other than the Primary Agricultural Credit Society", having:- a. The paid-up share capital and reserves of which are not less than Rs. One Lakh and b. The bye laws which do not permit admission of any other cooperative society as a member. The category of Primary Cooperative Banks also includes salary earner's societies having paid-up share capital and reserves of Rs. 1/- Lakh or more and the bye-laws of which provide for acceptance of deposits from non-members".

The Cooperative Planning Committee (1946) has defined Urban Cooperative Banks "Urban banks receiving deposits on current account should havei) Paid –up share capital of at least Rs. 20000/- ii) Maintain fluid resources on the scale prescribed by the Registrar of Cooperative Societies; and iii) Carry to the reserve fund at least one third (1/3) of their net profits till it equals the paid-up capital and thereafter one fourth (1/4) of the net profits. The reserve fund should be invested in gilt-edged securities or deposited in banks approved by the Registrar and should not be used for the business of the bank".

1.4 SALIENT FEATURES OF URBAN COOPERATIVE BANKS:

It is quiet difficult to project a clear picture of urban cooperative banks in India, when we go through the above taken definitions of urban banks. So to solve this difficulty, some important features of these urban cooperative banks are listed below:-

1. Voluntary Association and Open Membership:

Membership of Urban Cooperative Banks shall be voluntary and available throughout the life of it without artificial restriction or any social, political, racial or religious discrimination to all persons who can make use of its services and are willing to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Formation, Registration and Licensing:

Urban Cooperative Banks are formed according to cooperative societies act on filing bye-laws and registered with registrar of cooperatives. To cooperative banking business in India, it has to obtain license from RBI under section 22 of Banking Regulation Act, 1949.

3. Domestic Control:

The members elect the Managing Committee by exercising 'One man,one vote' in general meeting. Managing Committee consisting of honorary service minded people to carry on banking operations on domestic principles.

4. Mutual Benefit:

Urban Cooperative Banks are formed to carry on banking business, with a view to provide mutual benefit to their members at low cost to uplift economically weaker sections of society without any outside aid.

5. Privileges:

They enjoy privileges like higher rate of interest on deposit, lower lending rates, exemption from payment of interest tax and tax on profits, lesser cash reserve ratios and statutory liquidity ratios etc.

6. Initial Share Capital and Membership:

To establish new Urban Cooperative Bank it should have minimum Rs.5/- Lakh to 30/- Lakhs of share capital and minimum 500 to 2000 members depending on the place of its establishment.

7. Dual Control:

They are subject to dual control of the Registrar of Cooperative Societies at the level and RBI at the national level.

8. Area of Operation:

Their area of operation is urban and semi-urban area. They are not allowed to operate in rural area wherein the population is below 2000.

1.5 THE NEED FOR URBAN COOPERATIVE BANKS.

The Urban Cooperative Banks occupy a significant place in the urbanncredit movement. The need for organization of Urban Cooperative Banks is to provide helping hand to the weaker section of urban community viz, small traders, artisans, salaried people, professionals and other people of small means. These banks were expected to spread banking habits among the people in the cities, town and semi-urban areas. The Urban Cooperative Credit Movement, started in India with the chief object of catering to the banking and credit requirements of the urban middle class. Besides protecting the middle classes and men of modest means from the clutches of the moneylenders, the movement is also expected to include the habit of thrift and saving amongst them. The movement provides the frugal section of the community an opportunity of investing their savings and thus helps the hard pressed people tide over the period of stress and strain. It is also needed to provide financial and technical assistance to small scale, cotton industries and to help self employed persons.

1.6 OBJECTIVES AND FUNCTIONS OF URBAN COOPERATIVE BANKS.

The main objectives of Urban Cooperative Banks are:-

1. To attract deposits from members and non-members.
2. To advance loans to members.
3. To collect bills, cheques, issue drafts and provide banking services.
4. To provide safe custody of valuables.
5. To promote thrift, saving and self and mutual help among the members.

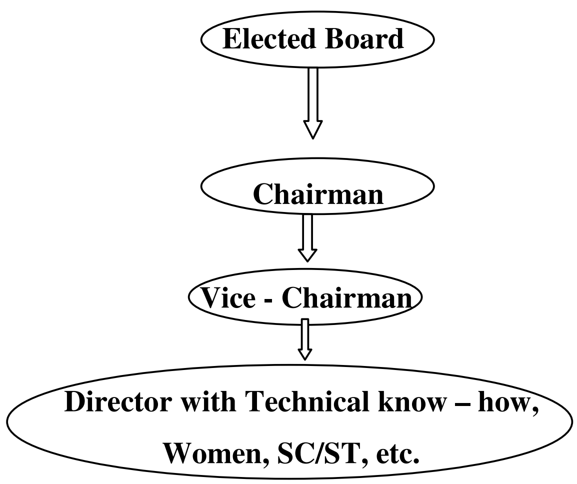
In Scheduled Urban Cooperative Banks like, Bombay Mercantile Cooperative Bank and Cosmos Cooperative Bank, the following objects are also included in their byelaws:

1. To buy and to sell foreign exchange including foreign bank notes.
2. To grant and issue letters of credit.
3. To carry on and to transact every kind of guarantee and indemnity business on behalf of constituents.
4. To enter into consortium finance arrangements with any other bank or financial institutions with the object of marketing loans and advances.

1.7 ORGANIZATION STRUCTURE OF URBAN COOPERATIVE BANKS.

The management of Urban, Cooperative Banks is vested with the Board of Directors elected by the general body. According to the State Cooperatives Societies Act, the ultimate authority of cooperative society is general body. Even urban banks have to convene the general body once in a year to take major decisions for amendment of bye-laws, approval of net profit etc. The elected directors of general body form the board of management. The day-to-day administration of the bank is vested in the hands of Board of Management such as sanction of loan is taken care by the board with the support of general manager assistant general manager, managers, senior officers and other staff. The directors are expected to posse's qualities of leadership and ability to guide the bank on sound lines. They are represented by all sections of urban elite. Enlightened persons like Lawyers, Doctors, Engineers, Chartered Accountants and Business Experts find place in the board of management of the urban banks. Cordial relations should exist among staff and management members in the cooperatives. A Chairman and Vice chairman are to be elected from elected directors. The representatives for women and SC/ST are also elected by creating reservation system as per the Act and by laws. The members of an urban bank are composed of traders, artisans and salary earners. The liability of the member is limited to the share capital subscribed by him. The following Chart 1.1 shows the organizational set-up of urban banks.

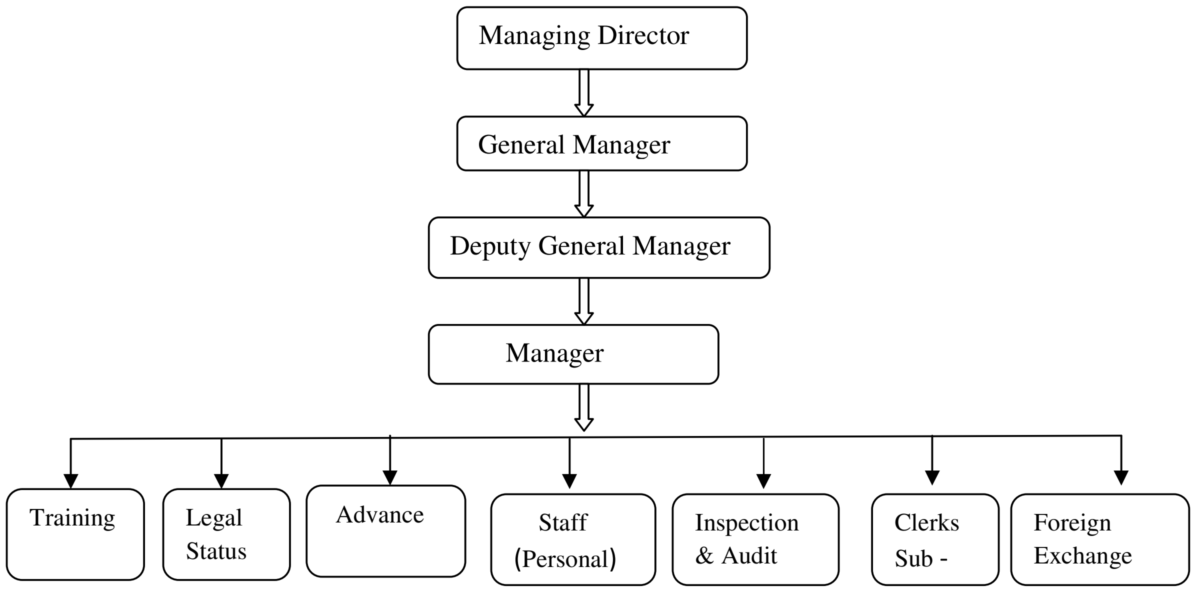
CHART 1.1



The below mentioned organization set-up indicates both the elected board and paid staff of big urban banks. Small urban banks situated in small town, urban and semi urban areas normally have general manager, managers, accountants, cashier, senior clerks and junior clerks. A few assistant managers are also appointed both in head office and branches

CHART 1.2

OFFICE MANAGEMENT



1.8 Progress of the Urban Cooperative Banks in Post-liberalization Period i.e. from 1991 onwards: (1991 to 2011)

Table 1.1

Deposit Growth of UCBs (1991 to 2011)

(Amount in Corers of Rupees)

Year	**Number of UCB's**	**Deposits**	**Percentage of growth over base year**
1990-91	13.7	10107 (100)	-
1991-92	1311	11108 (109.36)	9.36
1992-93	1306	13531 (133.21)	33.21
1993-94	1305	16769 (165.09)	65.09
1994-95	1300	20101 (197.90)	97.90
1995-96	1327	24165 (237.91)	137.91
1996-97	1355	30714 (302.39)	202.39
1997-98	1502	40692 (400.63)	300.63
1998-99	1590	52681 (418.66)	418.66
1999-00	1645	71189 (700.88)	600.88
2000-01	1618	80840 (795.90)	695.90
2001-02	1854	93069 (916.30)	816.30
2002-03	1941	10154 (999.76)	899.76

2003-04	1926	110256 (1085.51)	985.51
2004-05	1872	105021 (1033.97)	9…97
2005-06	1853	114060 (1122.96)	1022.96
2006-07	1813	121391 (1195.14)	1095.14
2007-08	1770	138496 (1363.55)	1263.55
2008-09	1721	158733 (1562.79)	1462.79
2009-10	1674	182862 (1800.35)	1700.35
2010-11	1645	212031 (2087.53)	1987.53

Source: Reserve Bank of India, Urban Banks Department, Central Office, Mumbai.

Note: Figures in the Bracket indicates percentage of Increase/ Decrease over base year 1990-91

Table No. 1.2

Growth of Advances of UCBs (1991 to 2011)

(Amount in Corers of Rupees)

Year	Number of UCB's	Advances Rs.	Percentage of growth over base year
1990-91	1307	8003 (100)	-
1991-92	1311	8713 (108.87)	8.87
1992-93	1306	10132 (126.60)	26.60
1993-94	1305	12172 (152.09)	52.09
1994-95	1300	14795 (184.86)	84.86
1995-96	1327	17908 (223.76)	123.76
1996-97	1355	21550 (269.27)	169.27
1997-98	1502	27807 (347.45)	247.45
1998-99	1590	34214 (427.51)	327.51
1999-00	1645	45995 (574.72)	474.72
2000-01	1618	54389 (679.60)	579.60
2001-02	1854	62060 (775.45)	675.45
2002-03	1941	64880 (810.69)	710.69
2003-04	1926	67930 (848.80)	748.80
2004-05	1872	66874 (835.61)	735.61
2005-06	1853	71641 (895.17)	795.17
2006-07	1813	79733 (996.28)	896.28
2007-08	1770	88981 (1111.84)	1011.84
2008-09	1721	97918 (1223.51)	1123.51

2009-10	1674	110304 (1378.24)	1278.24
2010-11	1645	136341 (1703.62)	1603.62

Source: Reserve Bank of India, Urban Banks Department, Central Office, Mumbai.

Note: Figures in the Bracket indicates percentage of Increase/ Decrease over base year 1990-91

In the year 1966, when the Banking Regulation Act, 1949 was made applicable to UCBs, there were about 1100 UCBs with deposits and advances of Rs.167/- crore and Rs. 153crore respectively. The UCBs continued to grow at a fast pace till 2003, when their number increased to 1941 and their deposits and advances increased to Rs. 101546/- crore and Rs. 64880/- crore respectively. The liberal licensing policy followed by the Reserve Bank pursuant to the recommendations of the Marathe Committee (1992) led to the proliferation in the sector. However, the ban on licensing of new UCBs since 2004 and encouragement to voluntary amalgamation and consolidation in the sector has resulted in decline in the number of UCBs to 1645 in 2011 with total deposits of Rs. 212031/- crore and advances of Rs. 136341/- crore.

Tier-wise Distribution of Urban Cooperative Banks:

There were 1,194 Tier I UCBs (74.34 percent of total UCBs) which accounted for 15.7 percent of deposits, 15 percent of advances and 16.2 percent of assets. On the other hand, 412 banks classified as Tier II accounted for 25.7 percent of deposits, 84.3 percent of advances and 83.8 percent of assets of the sector. The tierwise distribution is shown in Table 1.3 which is given below.

Table 1.3

Tier-wise Distribution of Urban Cooperative Banks and their Deposits, Advances and Assets at the end March 2013 (Amount in Rs. Billion)

Tier Type	Number of Banks		Deposits		Advances		Assets	
	Number	**% to Total**	**Amount (Rs)**	**% to Total**	**Amount (Rs)**	**% to Total**	**Amount (Rs)**	**% to Total**
1	2	3	4	5	6	7	8	9
Tier I UCBs	1194	74.3	434	1537	272	15.0	545	16.2
Tier II UCBs	412	25.7	2335	84.3	1538	85.0	2827	83.8
All UCBs	1606	100	2769	100	1810	100	3372	100

Source: Urban Credit, November-December, 2013 Vol. XXXIV

CRAR Distribution:

The majority of UCBs (about 91 Percent) reported capital to Risk-weighted Assets Ratio (CRAR) above the statutory minimum of 9 percent at 2012 (Table1.4). However, the capital position of Scheduled UCBs was much weaker than that of Non- Scheduled UCBs. Moreover, it was a disquieting feature that most of the Scheduled UCBs with CRAR below the regulatory minimum had a negative CRAR.

Table 1.4

Distribution of UCBs by CRAR (As at end-March 2012)

CRAR (In Percent)	Scheduled UCBs	Non-Scheduled UCBs	All UCBs
1	2	3	4
CRAR <3	08	79	87
3 < CRAR< 6	01	14	15
6< CRAR <9	-	50	50
9< CRAR <12	08	197	205
12< CRAR	35	1226	1261
Total	**52**	**1566**	**1618**

Source: Urban Credit, November-December, 2013 Vol. XXXIV

It is observed that out of 1,618 UCBs, 152 (9 percent) UCBs had lower CRAR than the prescribed CRAR of 9 percent. Out of these 152 UCBs, 87 UCBs had CRAR less than 3 percent.

Financial Performance of Urban Cooperative Banks:

The Financial Performance of Urban Cooperative Banks at the end of March, 2012 is to be shown in Table 1.5 given below. From the table it is observed that Interest Income of Non-scheduled UCBs was greater than the Scheduled UCBs in both the year i.e. 2010-11 and 2011-12. Not only Interest Income but Total Income was also greater than the Scheduled UCBs. In case of expenditure, the Total Expenditure of Scheduled UCBs is less than the Non-scheduled UCBs in both the years. The net profit of Scheduled UCBs was also higher in 2010-11 and it was equal in 2011-12.

Liabilities and Assets of Urban Cooperative Banks:

The assets of UCBs increased by 11.4 percent in 2012-13, there was some moderation in their credit growth owing to sluggish demand in the economy. On the other hand investments of these institutions showed relatively higher growth in 2012-13 on account of a sharp increase in SLR investments. In this context, it needs to be noted that UCBs deposits with SCBs and DCCBs were reckoned to maintain a uniform SLR of 25 percent on their NDTL in India. (Table 1.6) UCBs with a deposit base of over Rs. 10 billion accounted for 47 percent of the total deposits as at end March, 2013. These institutions with a credit size of over Rs. 10/- billion also accounted for about 40 percent of total UCBs advances.

Consolidation of UCBs through Mergers/Acquisitions:

As part of the process of strengthening the sector a process of consolidation was set in motion by RBI and issued objective guidelines in February, 2005 in this regard. Another set of guidelines was issued by RBI in January, 2009 for the Merger/Acquisition of UCBs having negative net worth. In February, 2010 guidelines for transfer of assets and liabilities of UCBs to commercial banks were issued. Pursuant to issuance of guidelines on merger, RBI received 177 proposals for mergers by respective RCS/CRCS. The year wise details of mergers as on 31 March, 2013 is given in Table 1.7.

Selected Indicators of Profitability of UCBs:

There has been a continuous improvement in the major indicators of profitability of UCBs in 2011-12 (Table 1.9). Both the Return on Assets (ROA), defined as net profits as percent of average assets, as well as Return on Equity (ROE), defined as net profits as percent of average equity, showed a perceptible rise during the year. Further, the rise in ROA could be seen not just at the aggregate or system wide level but also at the disaggregated level, there was an upward shift in

ROA among all scheduled UCBs in 2011-12. No scheduled UCBs reported a negative ROA in this year.

Banking Business per Branch for UCBs by Region:

However, it is noteworthy that the degree of concentration of banking business of UCBs showed some signs of decline over time. The coefficient of variation in the banking business of UCBs across regions showed a mild but steady fall between 2009 and 2012 (Table 1.10)

Improvement in the Asset Quality of UCBs was sustained:

UCBs have shown a steady improvement in their asset quality over recent years. There has been a decline in Gross Non-performing Assets (NPAs), both in absolute and ratio terms. In continuation of this trend, UCBs reported negative growth in gross NPAs and also showed a fall in their gross NPAs ratio in 2011-12-13. (Table 1.11)

1.8 STATEMENT OF THE PROBLEM:

Institutional finance for rural development has attract a great deal of attention of planners, policy –makers, administrators, academicians and researchers at the national, state regional levels. Various aspects of institutional finance and rural development deserve top priority in social science research.

Earlier empirical surveys have attempted to study different aspects of commercial and cooperative banks functioning in Sangli District, however their chief focus was on urban co-operative banks.

No empirical study has so far been conducted on the working and growth of the Tasgaon Urban co-operative bank, Tasgaon. The institutional finance need frequent analytical study with a view to reviewing their success over period of time. Keeping this view in mind the investigation is undertaken with a view to evaluating performance of Tasgaon. What is the relative performance of Tasgaon Urban co-operative bank as institutional financing agency in credit needs in time? Has Tasgaon Urban co-operative bank performed bank well in fulfilling its objectives to society? To what extent the credit has been granted by Tasgaon Urban Co-operative bank? This problem call for empirical study of performance Tasgaon Urban Co-operative bank.

In view of the forgoing discussion the statement of the problem for the present study has been defined as ‘Performance Evaluation of the Tasgon Urban Co-operative Bank.’ The Tasgon Urban Co-operative Bank established in 6th February 1936. Which one of the premier co-operative financial institution is has been undertaken for the present study. The evaluation of performance of

Tasgaon Urban co-operative bank has been made in the present study. For the period of ten consecutive yers beginning from 2001-02 to 2010-11.

1.9 IMPORTANCE OF THE STUDY

The Tasgaon co-operative bank in Tasgaon Taluka has face competition from commercial banks, financial instructions, and urban co-operative society. Growth is the signal of successful financial performance Tasgaon Urban co-operative bank have shown growth in their membership, deposits, loans etc. These banks have acted as counter parts of commercial banks in urban in urban area providing credit to small men who had been neglected hitherto by the letter. They have attracted and maintained deposit in flow due their close relationship with the deposit mix desirable to be adopted in future to suit the conductive environment. The researchers have evaluated the working of these banks in recept of their working funds, deposits, loan, overdue, and financial performance. The study relating to specific problems of cooperative needs. The present study will defiantly help to know the genesis of urban co-operative Bank in the world, India, Maharashtra and Tasgaon Taluka.

1.10 REVIEW OF LITERATURE

In literature, it is find that number of authors and researchers have consider various aspects while studying the problem related to co-operative banks.

Few researchers have discussed the performance evaluation, need of work technology for improvement of the services and to increase the efficiency of operations economic in expenditure, loan recovery performance, management costs etc.

1. Agale Sudhir Vasantrao (2012) aptly observed that the number of DCCBs increased in the Maharashtra during the study period from 30 to 31. The number of branches decreased during the period was 3,718 in the year 2001 to 3,646 in the year 2007. The total number of member of DCCBs also shows the decreasing position during the period from 100 per cent to 90.97 per cent. The amount of Share Capital of DCCBs shows the increase in the percentage that 100 per cent to 173.37 per cent. It is interesting to note that the share of government in the share capital was decreased from 100 per cent to 58.34 per cent during the study period. The progress of owned funds shows by the table that the own funds of DCCBs increased from 100 per cent to 262.33 per cent during the seven years period. The growth seen from the table in the deposits was 100 per cent to 154.83 per cent during the period 2001-2007. The working capital also shows the growth from 100 per cent in the year 2001 to 167.65 per cent in the year 2007.

2. Divekar. D.A. (2013), observed that the UCBs of our country in general and UCBs from Pune in particular need to realize that they need to quickly adopt CBS else they will be unable to keep pace with the technological advancement happening around, especially in Banking and financial sector of India (BFSI). Government of India and RBI have observed of CBS, UCBs do not integrate well in banking system of India and therefore, RBI has issued a circular to UCBs directing to complete CBS implementation before 31St Dec 2013. The Scenario of CBS implementation in Pune based UCBs in encouraging over 60 percent UCBs are yet to go for CBS, Same is the case with introduction of E-delivery Channels and Para-Banking service. Meeting line-line specified by RBI itself would be gigantic task due to complexity of the CBs project. Introduction of E-delivery Channels would be possible only after successful implementation of CBS. It is high time that management of UCBs in Pune have their strategies in Pune to introduce CBs in their respective banks either through their own resources or through
financial assistance from NABARD, NCDC etc. They can even comes together to set-up common data centre and disaster Recovery site in order to minimize investment of setting- up of such infrastructure and share computing as well as human resources to manage such advanced it infrastructure.

3. Alagu Pandian and R.K. Sharma (2013) aptly observed that the analyzed data shows that there is no significant difference between all sample selected variables of District Cooperative Banks and Urban Cooperative Banks in Dehradun. The reference period is 2007-08 to 2011-12, during this period both the bank results registered uniformity. Even though, among the two samples selected banks many years in difference sample selected variables registered negative growth also. It is not much influence to the impact of significance difference between DCB and Urban Cooperative Bank in Dehradun. Because, when result fit through Mann – Whitney – U- Test and based on that given rank number, the researcher easily assess the significance difference between two banks. The growth rate of interest income, total income, interest expended, total expenditure, and net profit of DCB in Dehradun and Urban Cooperative Bank in Dehradun.

4. Jayashree R. Kotnal (2013):- DR. L. C. Mulguand (2013) I observed that concludes total deposits have been increases in my study. On the contrary the rate of interest is falling every year. The Bank has adopted production oriented and need based leading policy and has been making specific efforts for providing credit facilities for person's falls under the category of priority sector and weaker sections. The bank as to make such schemes and policies that increases in deposit ratio. That attracts the more number of people to be a member of bank. That increases the share capital of the bank. This will help the bank to widen its operations in the coming year. Further the bank has already computerized its operations for quick and satisfactory services. It is to be noted that the depositors are aware of computerization of banking operations. Far and away the prize that life offers is the chance to work hard at something worth doing, being a student of master of commerce my experience for SHRI SHIDDHESHWAR COOPERATIVE BANK., was very much useful.

5. Ms. Shachi Pareek (2012) aptly observed that the above analysis reveals that the UCBs in Jaipur are in a positive state of health with satisfactory level of profitability. Even being small in size, they have got a great potential to cater the marginal clients. The pace with which these banks are able to reduce the burden is higher than the pace of increasing the spread. The same will help in lifting their profits automatically. UCBs in Jaipur should undertake some promotional campaigns to attract more clients and thus broaden their customer base. This will help in increasing their deposits and will increase the interest income too. Further, the consistent increase in non-fund income should be ensured by these banks, so that the burden can be easily reduced. The outperforming UCBs should be set as a "benchmark", against which the performance of other UCBs should be measured. This will increase the competitiveness of these banks and will thus improve their profitability performance.

6. Dr. Padmaja, B., Dr. BhanuKiran, C. and Dr. Rama Prasada Rao, C. H (2013) I observed that The Anantapur Urban Co-operative Bank has witnessed decrease in membership during this period 2005-06 to 2009-10 with a negative growth rate of 13.33 percent and the share capital during this period shows -5.41 percent of negative compound rate, with a not significant value. So H1: There is no significant growth of Share Capital in the Anantapur UCB. is accepted Deposit mobilation Is an important activity of the bank. The deposits have increased from Rs.1246 lakhs to Rs.2653 lakhs, with 112.92 percent during these 5 years. The deposits of Anantapur Urban Co-operative Bank increased by 2 times. The total deposits of the Anantapur Urban Co-operative Bank have shown a high growth. The fixed deposits and special deposits constitute 90 percent in its total deposits. The increase in the volume of deposits during the decade has been higher due to the adoption of daily saving deposit scheme; the deposits have increased by 2 times in 5 years. The proportion of saving deposits has grown considerably, and the recurring deposits and the current deposits have recorded a marginal growth rate. The total deposit of Anantapur Urban Co-operative Bank represents 93 percent to 95 percent of its working capital. It recorded a compound growth rate of 16.31 with a more significant' value. So H2: There is no significant growth of deposit mobilization during study with regard to Anantapur Urban Cooperative Bank Is rejected. During this period, it has been witnessed that the Anantapur UCB is self reliant, and has not depended upon outside sources. As far as the total advances are concerned Jewel loans form the highest percentage followed by mortgage loans and deposit loans. The other loans form a small percentage of total loans and advances. The percentage of jewel loans increased during the period.

7. Subrahmanya Bhat. K. M/ Dr.I Bhanu Murthy (2012) The purpose and objectives of cooperatives provide the framework for cooperative corporate governance. Co-operatives are organized groups of people and jointly managed and democratically controlled enterprises. They exist to serve their members and depositors and produce benefits for them. Co-operative corporate governance is therefore about ensuring cooperative relevance and performance by connecting members, management and the employees to the policy, strategy and decision-making processes. The adoption of technology required banks to re-engineer processes, network branches and introduce alternate delivery channels such as internet banking, phone banking and mobile banking, data warehousing and data mining, customer relationship management, integrated treasury management, human resource management and the implementation of core banking solutions. In addition, many initiatives of the regulator such as ECS, RTGS and NEFT also lead to overall technology adoption by banks. New private sector banks are providing very good services to their customers. So growth rate in advances, investments, deposits as well as net profits is very high in case of private sector banks. Most of the customers of state coop bank are visiting branches occasionally or 3-4 times during a month.

8. Dr. M. Nallusamy (2012):- That for finding the performance of the banking sector, evidence found from its profitability of the bank. Profitability has been an important criterion to evaluate the overall efficiency of a bank's operations. Being a relative measure, it is devoid of the pitfalls associated with interpretation of term 'profit'. Even if one ignores the past year or peer aspect of measuring profitability, it is still the best indicator of efficiency of banking operations. The concept of profitability is used and interpreted the same way both in a business firm and a banking company. Bank's profitability has assumed greater importance in the changing scenario of autonomy to banks and financial reforms. Profitability in banking parlance demotes the efficiency with which a bank deploys its total resources to optimize its profit and thus serves an index of asset utilization and managerial effectiveness. The present paper attempts to explore the relationship between bank profitability and its determinants. Since there are many variables affecting profitability, a model giving the most critical variables / ratios has been developed by using Multiple Discriminate Analyses.

9. Ms Geeta Sharma and Dr Ganesh Kawadia (2011) The A combination of financial restructuring and institutional reforms can only help urban cooperative banks to improve the efficiency. Moreover the objective of financial restructuring must be to induce regulatory, 17 legal and administrative changes considering cooperatives member-centric, democratic, autonomous and self-reliant institutions. Polarization and bureaucratization is running through the warp and woof of the UCBs. Their combined effect led to governance and managerial failure leading in turn to severe financial impairment. The very concept of banking is undergoing change in the present competitive environment and the conventional framework for management with which UCBs are comfortable is not sufficient. Good corporate governance is critical to efficient functioning of an entity and more so for a banking entity. The framework for good governance and professional management in urban cooperative banks should essentially emanate from the guiding principles and the given legal framework in different countries.

10. VIDYA PITRE (2003):- There cannot be two opinions on the service rendered by UCBs to meet the credit needs of the small borrower. In future, for sustaining and spreading the network, they would continue to draw upon the resources of the state and central governments and RBI. At present, there is scope for its spread with its concentration in a few states. The share of urban population is increasing. The growth of the services sector and advent of information technology has opened new frontiers. Micro finance, that is, SHGs, is another area where a group of persons can be directly linked. Insurance is another identified area for this sector. The large and growing market in India that is untapped provides profitable avenues apart from challenges in terms of social commitments; a large part, where interest rates as high as 100 per cent are still prevalent.
They can play the role of facilitators in the transmission of knowledge, information with regard to the market and new technology-related development from metropolitan to semi-urban centres. They can educate unemployed youth, who, for instances, could get guidance and support from them. So instead of seeking help from outside agencies for acquiring capability in order to compete with other banking groups globally, UCBs should focus on different market/clientele, that is, the unorganized market, which is local in character.

1.11 OBJECTIVES OF THE STUDY

The main objectives of present study are as under.

1. To highlight the genesis of urban co-operative banks in the world and in India.
2. To review and evaluate the financial position of the Tasgaon Urban Co-operative bank with regarded to share capital, Deposits, working capital and profitability.

3. To assess the opinion of the bank customers as regards various banking facilities and services offered by the Tasgaon Urban Co-operative Bank Ltd.
4. To Evaluate the loans and advances, over dues of loans and advances, and non performing assets.

1.12 HYPOTHESIS OF THE STUDY

1. The percentage of over dues is high in The Tasgaon Urban Co-operative bank Ltd.
2. The Tasgaon Urban Co-operative Bank Ltd. is providing various baking facilities to its customers to their satisfaction.

1.13 RESEARCH DESIGN AND METHODOLOGY

The present study is based on primary data and secondary data, personal discussion with Chief Executive Officer and Directors of concerned banks. The opinions of the customers have been obtained through a questionnaire. The sample consisted of 10% account holders of the Tasgaon Urban Co-operative Bank Ltd. using Stratified Random Sampling Method. Here as there are only seven branches of the bank each branch treated as strata. They are personally interviewed for collection of primary data. Every care was taken to select he respondents with different socio-economic background so as to make it fairly representative. The opinion of the customer have been analyzed by simple percent method and presented in a tabular form.

Observation method has been used for getting the information which has disclosed wherever necessary. Informal discussion with bank employees, branch managers, directors and members has made to obtain necessary information.

Secondary data has been collected from the official records of the banks, annual reports of the bank, Statistical Statement relating to Urban Co-operative Bank, Maharashtra Co-operative Societies Act, Banking Regulation Act, RBI Surplus, Bye-Laws of respective Banks.

1.14 SAMPLE DESIGN

Urban Co-Operative Bank Was Established In 6^{TH} February 1936. At present in 2010-11 the share capital of the bank is 89, 66,640. The branches of the bank are seven. In 2010-11 bank has celebrated its 75^{th} anniversary. This urban co-operative bank provides credit facilities to the agricultures and other sectors. They provide various services to their customers.

Table No. 1

Date of Establishment of Branches and No. of Account Holders

Sr. No.	Name of the Branch	Date of Establishment	Total Account Holders

1	Tasgaon UCB	06.02.1936	13565
2	Savalaj	26.01.1981	4018
3	Manerajuri	22.03.1985	4084
4	Sangli	13.10.1989	2053
5	Kupwad	16.11.2000	1278
6	Kavathemahankal	17.11.2000	913
7	Palus	16.01.2001	796
		Total	**26207**

As the number if account holders with bank are very large i.e. 26207, due to the limitation of time and other resources, research confined to study only 2% of the account holders i.e. 524 account holders only. The selection of these account holders is done by Stratified Random Sampling Method by taking each branch of the bank as strata, and using proportional allocation method.

1.15 SCOPE OF THE STUDY

The geographical scope of the present study is confined to the jurisdiction of the Tasgaon Urban Co-operative Bank in Sangli District. The scope of the study is focus on the evaluation of financial performance of Tasgaon Urban Co-operative Bank. The analytical scope covers the fulfilling the objectives set out for the study. The functional scope is confined to offering set of meaningful suggestions for improving the financial performance of the Tasgaon Urban Co-operative Bank. The chronological scope is restricted to ten years period from 2001-02 to 2010-11

1.16 LIMITATIONS OF THE STUDY

The study is limited only to the Tasgaon Urban Co-operative Bank and its branches. The financial performance had to be kept limited to ten years (2001-02 to 2010-11). The studies cover only the performance evaluation of the Tasgaon Urban Co-operative Bank and its branches. Lack of time other resources prevented to researcher from carrying out an in depth study relating to survey of opinions of customers services.

1.17 CHAPTER SCHEME

- **CHAPTER I INTRODUCTION**

It deals with the introduction, statement if the problem, objectives, hypothesis, and significance of the study, research design and methodology, scope of the study, limitation of the study and chapter scheme. Review of literature. In present the review of literature it covers need for reviewing literature review research work review of functioning of urban co-operative banks in India before & after economic policy.

- **CHAPTER II BACKGROUND OF THE URBAN CO-OPERATIVE BANKS**

It covers of Urban Co-operative Banks in the world, genesis and development of urban co-operative bank in India, definitions of urban co-operative bank entry point norms, analysis of operations of urban co-operative banks in India before and after 1991 analysis of operation of urban bank in Maharashtra state and Tasgaon taluka and brief history of the entire sample bank.

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

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.

- **CHAPTER IV DATA ANALYSIS AND INTERPRETATION**

In this chapter, the survey data collected from the bank customers as regards their opinions about banking facilities and services provided by the bank has been presented analyzed and interpreted. In support of this survey bank employees opinion survey is also presented in this chapter.

- **CHAPTER V CONCLUSIONS AND SUGGESTION**

This chapter deals with major findings and conclusions of the study important suggestion for better performance of Tasgaon Urban Co-operative Bank are also given in this chapter.

CHAPTER II

BACKGROUND OF THE URBAN CO-OPERATIVE BANKS

Introduction

One of the objectives of the research is to study development of co-operative Banking in India and Maharashtra State. This chapter explains the same. The term urban Co-operative Banks (UCBs) though not formally defined, refers to primary co-operative banks located in urban and semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centered on communities, localities work place groups. They essentially lent to small borrowers and businesses. Today, their scope of operations has widened considerably.

The origin of the urban co-operative banking movement in India can be traced back to the close of nineteenth century when, inspired by the success of the experiments related to the co-operative movement in Britain and the co-operative credit movement in Germany such societies were set up in India, co-operative societies are based on the principles of co-operation-mutual help, democratic decision making and open membership. Co-operatives represented a new and alternative approach to organisation as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organisation.

Urban Co-operative Banks defined

An urban co-operative Bank is defined as one which is organised for accepting deposits from the public, which is usually repayable by cheques which carry on normal banking business. Urban Banks are those credit societies which undertake all kinds of banking business including the acceptance of all types of deposits and the provisions of banking facilities for their clientele, such as making advances on personal surety, issue of drafts, discounting Hundis collection of Bills etc.

Need for Urban Co-operative Banking

The need for Urban Co-operative Banking arises from the fact that Joint stock Banks are not interested in providing credit to the urban middle class. This is because it is not advantageous for joint stock banks in developing the business of small loans on account of high cost of advancing and receiving them. Further joint stock banks are not likely to have under ordinary circumstances, full and intimate knowledge of the standing and resources of persons of moderate means; they will not advance loans on personal securities. In such circumstances, the man with limited means in urban area may approach money lender. The establishment of Urban co-operative Bank is the most suitable alternative to these customers.

Origin and Development of Urban co-operative Banks in India

The first known mutual aid society in India was probably the 'Anyonya Sahakari Mandali' organised in the erstwhile princely State of Baroda in 1889 under the guidance of Vithal Laxman Kavthekar. Urban co-operative credit societies, organised on a community basis to meet the consumption oriented credit needs of their members. From its origins then to today, the thrust of UCBs, historically, has been to mobilise savings from the middle and low income urban groups and purvey credit to their members - many of which belonged to weaker sections.

The enactment of Cooperative Credit Societies Act, 1904, however, gave the real impetus to the movement. The first urban cooperative credit society was registered in Canjeevaram (Kanjivaram) in the erstwhile Madras province in October, 1904. Amongst the prominent credit societies were the Pioneer Urban in Bombay (November 11, 1905), the No.l Military Accounts Mutual Help Co-operative Credit Society in Poona (January 9, 1906). Cosmos in Poona (January 18,1906), Gokak Urban (February 15, 1906) and Belgaum Pioneer (February 23, 1906) in the Belgaum district, the Kanakavii-Math Co-operative Credit Society and the Varavade Weavers' Urban Credit Society (March 13, 1906) in the South Ratnagiri (now Sindhudurg) district. The most prominent amongst the early credit societies was the Bombay Urban Co-operative Credit Society, sponsored by Vithaldas Thackersey and Lallubhai Samaldas established on January 23, 1906.

The Cooperative Credit Societies Act, 1904 was amended in 1912, with a view to broad basing it to enable organisation of non-credit societies. The Maclagan Committee of 1915 was appointed to review their performance and suggest measures for strengthening them. The committee observed that such institutions were eminently suited to cater to the needs of the lower and middle income strata of society and would inculcate the principles of banking amongst the middle classes. The committee also felt that the urban cooperative credit movement was more viable than agricultural credit societies. The recommendations of the Committee went a long way in establishing the urban cooperative credit movement in its own right.

In the present day context, it fs of interest to recall that during the banking crisis of 1913-14 when no fewer than 57 joint stock banks collapsed, there was a there was a flight of deposits from joint stock banks to co-operative urban banks. Maclagan committee chronicled this event thus:

"As a matter of fact, the cisis had a contrary effect, and in most provinces, there was a movement to withdraw deposits from non-co-operatives and place them in co-operative institutions, the distinction between two classes of security being well appreciated and a preference being given to the latter owing party to the local character and publicity of co-operative institutions but mainly, we think, to the connection of Government with co-operative movement."

The Government of India Act in 1919 transferred the subject of "Cooperation" from Government of India to the Provincial Governments. The Government of Bombay passed the first State Cooperative Societies Act in 1925 "which not only gave the movement its size and shape but was a pace setter of cooperative activities and stressed the basic concept of thrift, self help and mutual aid." Other States followed. This marked the beginning of the second phase in the history of Cooperative Credit Institutions.

There was the general realization that urban banks have an important role to play in economic construction. This was asserted by a host of committees. The Indian Central Banking Enquiry Committee (1931) felt that urban banks have a duty to help the small business and middle class people. The Mehta-Bhansali Committee (1939), recommended that those societies which had fulfilled the criteria of banking should be allowed to work as banks and recommended an Association for these banks. The Co-operative Planning Committee (1946) went on record to say that urban banks have been the best agencies for small people in whom Joint stock banks are not generally interested. The Rural Banking Enquiry Committee (1950), impressed by the low cost of establishment and operations recommended the establishment of such banks even in places smaller than taluka towns.

The first study of Urban co-operative banks was taken up by RBI in the year 1958-59. The Report published in 1961 acknowledged the widespread and financially sound framework of urban co-operative banks; emphasized the need to establish primary urban cooperative banks in new centers and suggested that State Governments lend active support to their development. In 1963, Varde Committee recommended that such banks should be organised at all urban centers with a population of 1 lakh or more and not by any single community or caste. The committee introduced the concept of minimum capital requirement and the criteria of population for defining the urban centre where UCBs were incorporated.

Duality of Control on Urben co-operative Banks in India

However, concerns regarding the professionalism of urban cooperative banks gave rise to the view that they should be better regulated. Large cooperative banks with paid-up share j capital and reserves of Rs. l lakh were brought under the preview of the Banking Regulation Act 1949 with effect from 1st March, 1966 and within the ambit of the Reserve Bank's supervision. This marked the beginning of an era of duality of control over these banks. Banking related functions (viz. licensing, area of operations, interest rates etc.) were to be governed by RBI and registration, management, audit and liquidation, etc. governed by State Governments as per the provisions of respective State Acts. In 1968, UCBS were extended the benefits of Deposit Insurance.

Towards the late 1960s there was much debate regarding the promotion of the small scale industries. UCBs came to be seen as important players in this context. The Working Group on Industrial Financing through Co-operative Banks, (1968 known as Damry Group) attempted to broaden the scope of activities of urban co-operative banks by recommending that these banks should finance the small and cottage industries. This was reiterated by the Banking Commission (1969).

The Madhavdas Committee (1979) evaluated the role played by urban co-operative banks in greater details and drew a roadmap for their future role recommending support from RBI and Government in the establishment of such banks in backward areas and prescribing viability standards.

The Hate Working Group (1981) desired better utilisation of banks[1] surplus funds and that the percentage of the Cash Reserve Ratio (CRR) & the Statutory Liquidity Ratio (SLR) of these banks should be brought at par with commercial banks, in a phased manner. While the Marathe Committee (1992) redefined the viability norms and ushered in the era of liberalization, the Madhava Rao Committee (1999) focused on consolidation, control of sickness, better professional standards in urban co-operative banks and sought to align the urban banking movement with commercial banks.

A feature of the urban banking movement has been its heterogeneous character and its uneven geographical spread with most banks concentrated in the states of Gujarat, Karnataka, Maharashtra, and Tamil Nadu. While most banks are unit banks without any branch network, some of the large banks have established their presence in many states when at their behest multi-state banking was allowed in 1985. Some of these banks are also Authorised Dealers in Foreign Exchange.

Progress of Urban Co-operative Banks

The Progress of Urban Co-operative Banks is shown in Table 3.1.

Table 3.1

Progress of Urban Banks and Primary Co-operative Banks

(` Crores)

Sr. No.	Particulars	Urban Banks	Primary Co-operative Banks						
		1948-49	1955-56	1959-60	1965-66	1977-78	1978-79	1982-83	1988-89
1	Number of Banks	815	1585	1242	1091	1162	1408	1107	1239
2	Membership (in lakh)	5	12	18	36	47	48	66.5	100
3	Own Funds	4	9	17	58	117	118	NA	1008
4	Deposits	17	32	61	153	519	590	1543	6300
5	Working Capital	22	44	82	222	722	-	-	-
6	Advances During the Year	19	32	65	167	407	600	NA	5200
7	Advances Outstanding	12	23	58	167	407	436	1267	NA
8	Overdues	1	3	4	NA	NA	53	107	NA
Source : V. V. Ghanekar – Co-operative Movement In India P. 154, 155									

It is observed from Table 3.1 that there is expansion of urban banks from

815 in 1948-49 to 1239 in 1988-89. It should be noted that with the introduction of Banking Regulation Act 1949 with effect from March 1966 urban banks with paid up share capital and reserves of Rs 1 lakh and above have been classified as primary co-operative banks. The Reserve Bank of India introduced scheme of rehabilitation of weak primary co-operative banks. Accordingly, 68 primary co-operative banks were rehabilitated in 1977-78.

Recent Development

Over the years, primary (urban) cooperative banks have registered a significant growth in number, size and volume of business handled. As on 31st March, 2003 there were 2,104 UCBs of which 56 were scheduled banks. About 79 percent of these are located in five states, - Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu. Recently the problems faced by a few large UCBs have highlighted some of the difficulties these banks face and policy endeavors are geared to consolidating and strengthening this sector and improving governance.

Urban co-operative Banks as Scheduled Bank

During the year 1988-89 11primary co-operative banks each with demand and time liabilities of over ` 50 crores were included in the second schedule to the Reserve Bank of India Act, 1934. This is first time when primary co-operative banks have been scheduled.During the year 1988-89.The R. B. I cleared another 15 proposals for registration by the Registrar of co-operative societies.

Federation of Urban/Banks

With the growth of urban co-operative banks, their federation or associations have been formal in some of states including Gujrat, Karnatak, Maharashtra, west Bengal, Madhya Pradesh, and the Union Territory of Delhi. Some of them published useful data on urban banks in their states. They held regional or state level seminars or conferences to discuss the problem faced by these banks and to suggest appropriate remedial measures.

The National Federation of Urban Co-operative Banks and credit societies have also been formed since February 1977 with its head quarter in New Delhi. It has composite membership of State Federations as well as individual urban banks. Its object is to activism, stimulate and regulate the urban banking movement in India. It holds seminars and conferences to discuss the difficulties faced by urban banks and its measures for their redress.

Objectives and Functions of Urban Co-operative Banks

The main objects and functions of the urban co-operatives are :

1) To attract deposits from members as well as non-members.
2) To advance loans to members.
3) To act as agent for the joint purchase of domestic and other requirements of the members.
4) To undertake collection of bills, accepted or endorsed by members.
5) To arrange for safe custody of valuable documents of members.
6) To provide other facilities as provided by commercial banks.

Area of Operation

The area of operation of an urban co-operative bank is usually restricted by its bye-laws to a municipal area or a town. In some cases it exceeds this area.

Membership

The membership of urban co-operative bank is composed of persons living in urban areas, such as traders, merchants, salaried and professional classes etc. The conditions relating to the membership are laid down in their bye-laws.

The membership of these urban co-operative banks varies considerably. In Tamilnadu, the average membership exceeded 7000, while in Maharashtra it was over 3000, in Kerala, it was 2500, in Orissa 2000, in Madhya Pradesh 1800, in West Bengal it was about 900.

Management

The management of urban co-operative Bank rests in the board of Directors, who are elected by General Body, consisting of all the members. The final authority in all matters rests with the general body but actual conduct of the affairs of the bank rests with the board of directors and the secretary of the bank.

The tenure of office of the Board of Directors varies in the states. The usual practices are to hold elections (a) each year (b) once in three years, and (c) each year by rotation for one third of the board. Holding the elections every year is not favoured by the study group. The advantages of holding elections once in three years are that expenses are kept at a minimum and the board of directors has time to learn the working of the bank. It is also observed that in a large number of institutions the same persons were elected to the board of directors from term to term. It can be checked by incorporating the clause in the bye-laws that prevents a person from contesting election more than one or two consecutive terms.

Resources

Owned funds and borrowed funds are main sources of finance of Urban Co-operative Bank. Own funds include paid up capital, accumulated reserves created out of appropriate from profits. Borrowed funds cover deposits of members and non members and loan from central co-operative banks.

Deposits :

The percentage of deposits to working capital varied from state to state. It was 76% total capital in 1967-68. These banks have succeeded in attracting deposits from non members also because of growing public confidence in their working. These banks generally accept current deposits, saving deposits and fixed deposits. But with increasing competition by the commercial banks, more intensive efforts will be required by urban co-operative banks to attract more deposits.

Borrowing :

Such borrowings of urban co-operative banks from other financing agencies are negligible. These banks generally borrow from central co-operative bank, while a few borrowed from the appex banks. The study group on credit co-operatives in the Non Agricultural Sector (1963) that the urban banks should be affiliated with central co-operative banks and appex banks should not finance them directly.

Loan Operation :

The loan operations of UCB (Urban Co-operative Banks) consists of granting fixed loans or cash credit loans to their members against mortgage of unencumbered immoveable property, or on surety of one or more persons who are also members. The member is eligible for loan against personal security upto 5 to 10 times the share capital paid by him.

Banking and other facilities :

UCBs provide facility of withdrawal of deposits by cheque and arrange for remittance of funds to other centre. Some banks collect pensions, pay regularly insurance premiums of its members, discount hundis and bills.

Investments :

The UCBs invest their surplus money in government and other trustee securities.

Statewise Progress of Urban Co-operative Banks :

During the period 1919-38, many urban credit co-operatives came to be organised in Bombay and Madras provinces'. The Urban Credit Societies which came into being in Bombay confined their activities to the members of particular communities and their lending operations were also primarily with a view to meeting the consumption needs of their members. Later, the economic boom created by the Second World War (1939-45) provided a stimulus to the growth of urban banks in India.

The usefulness of urban banks in financing artisans, small traders, factory workers and urban middle classes was recognised by various committees and working groups such as Central Banking Enquiry Committee (1931), the Co-operative Planning Committee (1946) The Study Group on credit co-operatives in Non Agricultural Sector (1963), the Working Group on industrial Financing through Co-operative Banks (1968). Certain provisions of Banking Regulation Act 1949 were extended to Urban Co-operative Banks having paid up share capital and reserves of ` 1 Lakh. The Reserve Bank acquired control over the functioning of Urban Co-operatives Banks especially in respect of maintenance of reserves and liquid assets, regulation of loans and advances, opening new branches etc.

The Urban Co-operatives Bank having paid up share capital and reserves of ` 1 lakh was classified as Primary Co-operative Bank, by Reserve Bank of India in 1968. Total number of these Primary Co-operative Banks was 1408 in June 1978. The State wise distribution indicates that Maharashtra is top with 348 banks, followed by Gujarat (265), Karnatak (225), Andhra Pradesh (132) Tamil nadu (131) and West Bengal (111), Kerala had (67) such banks while all other states had less than 25 each.

Over the years, Primary (Urban) Co-operative Banks have registered a significant progress in growth, in number and size and volume of business handled. As on 31st March 2003, there were 2104 UCBs of which 56 were scheduled banks. About 79 percent of these banks are located in five states – Andhra Pradesh, Gujrat, Karnatak, Maharashtra and Tamilnadu.

Cooperative banks: People who come together to jointly serve their common interest often form a co-operative society under the Co-operative Societies Act. When a co-operative society engages itself in banking business it is called a cooperative Bank. The society has to obtain a license from the Reserve Bank of India before starting banking business. Any cooperative bank as a society is to function under the overall supervision of the registrar, cooperative societies of the state. As regards banking business, the society must follow the guidelines set and issued by the Reserve Bank of India.[1]

Urban Cooperative Banks (UCBs): The term Urban Cooperative Banks (UCBs), though not formally defined, refers to primary cooperative banks located in urban and semi-urban areas. A cooperative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their banks. The cooperative banks are often created by persons belonging to the same local or professional community or sharing a common interest. The cooperative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts).

The cooperative banks in India have a history of almost 100 years. The origins of the urban cooperative banking movement in India can be traced to the close of nineteenth century when, inspired by the success of the experiments related to the cooperative movement in Britain and the cooperative credit movement in Germany such societies were set up in India. The cooperative societies are based on the principles of cooperation, mutual help, democratic decision making and open membership. The cooperatives represented a new and alternative approach to organization as against

[1] http://www.nios.ac.in/

proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organization.[2]

The cooperative banks are an important constituent of the Indian financial system. The cooperative movement originated in the west, but the importance of such banks have assumed in India is rarely paralleled anywhere else in the world. The cooperative banks in India are registered under the Co-operative Societies Act. The cooperative banks are also regulated by the RBI. They are governed by the Banking Regulations Act 1949 and Bank in Laws (Co-operative Societies) Act, 1965. These banks were conceived as substitutes for money lenders.

A feature of the urban banking movement has been its heterogeneous character and its uneven geographical spread with most of the banks concentrated in the states of Gujarat, Karnataka, Maharashtra, and Tamil Nadu. While most of the banks are unit banks without any branch network, some of the large banks have established their presence in many states when at their behest multi-state banking was allowed in 1985. The large size banks are also authorized dealers in foreign exchange.

Over the years, primary (urban) cooperative banks have registered a significant growth in numbers, size and volume of business handled. As on 31st March, 2003 there were 2,104 UCBs of which 56 were scheduled banks. About 79 percent of these are located in five states - Maharashtra, Karnataka, Gujarat, Andhra Pradesh and Tamil Nadu. [2]

Genesis of urban cooperative banking movements:

Evolution of urban cooperative banking movement in India can be traced through three distinct phases which are discussed in the succeeding paragraphs.

1.2.1 Phase I (1904-1966):

Inspired by the success of urban cooperative credit movement in Germany and Italy, the first mutual aided society 'ANYONYA SAHAKARI MANDALI' was organized in the princely state of Baroda in 1889 under the guidance of Late Shri. Vithal Laxman Kavthekar.

[2] www.rbi.org

The enactment of Cooperative Credit Societies Act, 1904, however, gave the real impetus to the movement as the first urban cooperative credit society was registered in Canjeevaram town in Madras in October 1904. Thereafter, few more societies were established in Madras and Bombay area.

In the formative phase, urban cooperative credit societies came with organized on community basis and their lending operations were confined to meeting the consumption oriented credit needs of their members. The term 'bank' was very loosely used by many societies in the initial phase. Many urban banks which were organized in the early part of this century were essentially credit societies but later converted themselves into UCBs. Many urban credit societies which were not engaged in any banking functions also used the word 'bank' or 'banker'. There was no well defined concept of urban cooperative bank. It was the Joint Reorganization committee popularly known as Mehta Bhansali committee (1939) in the Bombay province, which for the first time, made an attempt to define an urban cooperative bank. It defined a credit society as an urban cooperative bank (UCB) whose paid up share capital was Rs.20000 or more and was accepting deposits of money on current accounts or otherwise subject to withdrawals by cheque, draft or order. In Madras province, urban cooperative credit societies accepting current account deposits and maintaining certain amount of liquid resources, as prescribed by Registrar of Cooperative Societies, had come to be known as Urban Cooperative Banks (UCBs), irrespective of size of their share capital. Subsequently, in 1966, when banking laws were made applicable to cooperative banks, provisions of section 5(CCV) of Banking Regulation Act, 1949 [As Applicable to Cooperative Societies (AACS)] defined an urban cooperative bank as a primary cooperative bank other than a primary agricultural credit society.

- The primary object of which is the transaction of banking business.
- The paid up share capital and reserves of which are not less than Rs.1 lakhs
- The by-laws of which do not permit admission of any other cooperative society as a member.

With the economic boom created by second World War, the urban banking sector received tremendous impetus and started diversifying its credit portfolio, branching out from meeting traditional consumption oriented credit needs into catering to the needs of artisans, small businessmen and small traders.

The various committees and study groups, like the Central Banking Enquiry Committee (1931), the Cooperative Planning Committee (1946) popularly known as Saraiya Committee, Varde Committee (1963), the study group on Credit Cooperatives in Non-Agricultural sector (1963), and working groups on industrial financing through cooperative banks (1968) commended the working of UCBs in extending support to the micro agencies, to whom the commercial banking sector was quite wary of lending. Interestingly, the survey made by RBI in 1958-59, for assessing the financial pattern of UCBs and their role in financing Small Scale Industries, revealed that notwithstanding absence of state support to urban banking sector (unlike its counterpart viz. in the Agricultural Cooperative Credit sector), the UCBs sector, as a whole registered a fairly good rate of progress.

Data prior to 1948 about the urban cooperative banking sector is, unfortunately, not available. As at the end of financial year 1948-49, the numbers of UCBs were 815 and go up to 1106 by the end of financial year 1966-67. During this period, the deposits held by UCBs sector increase from Rs.17 corers to Rs.153 cores, registering a growth of 800% [Urban cooperative banks were brought under the purview of B.R. Act, effective from 1 March, 1966]. An interesting feature of urban cooperative credit movement in the early part of this century was that the public confidence in urban cooperative credit sector, particularly the lower and middle income groups, was unshaken notwithstanding the collapse of joint stock banks. It is indeed interesting to note that during the years 1913 and 1914, in the then Bombay Presidency, United Provinces and Punjab, where banking crisis led to collapse of no fewer than 57 joint stock banks, there was a flight of deposits from the joint stock banks to urban cooperative banks. The Maclagan committee graphically chronicled the phenomenon.

Similarly, between 1939-1949, when 588 joint stock banks failed in various states eroding public deposits to the tune of Rs. 26 cores there was not even a miniscule impact on urban cooperative banks, most probably due to the fact that cooperative institutions were subjected to stringent regulation as compared to a lax supervision over commercial banks. It is indeed strange to note that commercial banks were governed by the company law applicable to ordinary nonbanking companies. The central banking enquiry committee in 1931 had come to the conclusion that the provisions of Indian Companies Act were inadequate to deal effectively with banking malpractices and recommended comprehensive legislation. Although companies act was amended in 1936 and a separate chapter relating to banking companies was added, the provisions therein were still found to be ineffective. This was a classic era of laissez faire banking and was a perfect Hobbesian state of nature. Shri. B. Ram Rau, the Governor, RBI, concisely described the scenario "Any financial adventurer who required money for a speculative venture or for financing a business, in which he was interested, started a bank with many branches and collected substantial deposits by the offer of high rates of interest and by lavish advertisement". As compared to the above scenario, the segment of urban cooperative banks was fairly better regulated and UCBs did not reflect any symptom of systemic failure. As a matter of fact, in Madras province, UCBs were required to maintain fluid resources, a concept akin to statutory liquidity ratio prescription.

1.2.2 Phase II (1966-93):

During this period, the demand for extension of deposit insurance was gaining momentum on account of significant increase in the operations of urban cooperative banks and their volume of deposits and more particularly in the context of sad experience of Palai Central Bank failure. As extension of deposit insurance to cooperative banking sector presupposes some semblance of Reserve Bank control over them. The provisions of B.R. Act, 1949 were made applicable to urban cooperative banks to some extent in 1966 after an intense debate among State Governments, Government of India and RBI. This was a landmark in the evolution of urban banking movement in India. Consequently, the cooperative banks came under dual control. The banking related functions such as licensing, branch licensing, area of operation, exposure norms, interest rates etc. are governed by RBI directives and regulations, incorporation and registration of cooperative banks, audit, management, liquidation, winding up, amalgamation etc. were governed by the State Governments by virtue of powers conferred on them by the respective State Cooperative Societies Acts.

It is interesting to note that the Banking Regulation Act does not recognize the term 'Urban Cooperative Bank' and defines it as a primary cooperative bank. The word "primary" is used to denote that the bank performs the role of a primary unit in a 3-tier cooperative credit structure. By this definition, the urban cooperative banks were made an integral part of the well developed 3-tier cooperative credit structure which was developed to cater the needs of rural India. The urban cooperative banks, by implication, have to be affiliated to District Central Cooperative Banks (DCCB) at district level and to State Cooperative Banks (SCB) at apex level and these banks in turn, were supposed to help, nurse and guide the UCBs. Historically UCBs were organized in semi-urban, urban and metropolitan areas. This was the reason for popularly known as urban cooperative banks.

Between 1966-93, the resources mobilized by way of deposits by the UCBs have registered a phenomenal growth. From a meager Rs.153 crores as at the end of June 1967, they rose to Rs.13531 crores by the end of March 1993.The annualized average growth of deposits and advances was found to be quite impressive. The number of urban cooperative banks had grown from 1106 to 1399 during the corresponding period.

A class of urban cooperative banks, which are popularly called, salary earners banks also emerged as a matter of course and had their own place in the urban cooperative banking system over the years. These banks are essentially thrift societies set up by employees of governmental departments/ PSUs/large establishments for mutual help on the principles of cooperation. These societies also started using the word 'bank' and were accepting deposits from members of public. Since Reserve Bank of India did not find any rationale for their continuing as banking entities, as they were essentially thrift societies, they were advised to go out of the purview of the B.R. Act, after returning the deposits to non-members. As a result 599 salary earners banks went outside the purview of the B.R. Act, during the period 1 March 1966 to 30 June 1977 by converting themselves into cooperative credit societies. As on 31 March 1999 there were 90 salary earners banks.

Yet another interesting feature of the history of urban cooperative banking movement is that despite the exit of so many salary earners banks from the ambit of B.R. Act, the number of UCBs increased from 403 (excluding salary earners banks) to 1023 during 1 March 1966 and 30 June 1977. This increase in number of UCBs was not on account of a liberal licensing policy stance of RBI but an offshoot of statute induced expansion i.e., automatic conversion of Primary Credit Societies into UCBs.

The only difference between a primary credit society and an urban cooperative bank is the level of owned funds. If the owned fund of primary credit society reaches Rs.1 lakhs, automatically, it has to apply to RBI for a license to carry on banking business.

The period between 1966-1993 can be termed as an over regulated regime. The licensing policy of RBI was too restrictive as it was governed by the one district through the cooperative initiative demonstrated by the cooperators. Urban cooperative banks were also not allowed to expand beyond municipal limits. There was an embargo on their entry into rural areas and financing agricultural operations. Branch licensing policy was linked to the "planned expansion of branches". There were also restrictions on deployment of UCBs surplus resources outside the cooperative fold. Growth of urban banking sector was confined to the states of Maharashtra, Karnataka, Gujarat and Tamil Nadu where the cooperative movement had already taken strong roots. The regional disparities in the growth of urban cooperative movement were mostly due to strong cooperative initiative exhibited in these states and absence of similar cooperative leadership in other states.

1.2.3 Phase III: Post 1993 Scenario:

The year 1993 was a break point in the history of urban cooperative banking movement. After Narasimham committee addressed the problems of banking system in 1991, and suggested a road map for liberalizing the banking sector. Accordingly RBI appointed the Marathe committee in 1991 to address these issues. The recommendations of this committee were quite far reaching, particularly, in the realm of new bank licensing, branch licensing and area of operation etc. Marathe committee suggested dispensing with the "one district-one bank" licensing policy and recommended organization of banks based on the need for an institution and potential for banks to mobilize deposits and purveying of credit. It also felt that existence of commercial banking network should not prevent the cooperative initiative. RBI accepted these recommendations and had come out with its new policy approach in

May 1993. Between May 1993, when the revised policy was put in place and 31 March 1999, RBI has issued as many as 537 licenses for setting up new banks. The liberalized branch licensing policy's stress was more on bank's inherent financial strength rather than assessing the need for a branch and its viability in a given centre.

As a result, the branch network of UCBs has increased from 3691 as at the end of March 1993 to 6619 by 31 March 1999.

RBI had also appointed a working group under the chairmanship of Shri. Uday M. Chitale in December 1995 to review the existing audit systems of UCBs. With a view to instill professionalism in the audit of UCBs, the working group suggested that audit of UCBs, with deposits of Rs.25 crores and above, be conducted by chartered accountants, thus, ending the monopoly of State Government's audit of UCBs. It has suggested a standard format of audit for all the states. The working group also suggested revised audit rating model for UCBs. Regrettably, none of the states, not even the cooperatively advanced states, has implemented the recommendations of Chitale working group.

Effective from November 1996, urban cooperative banks have been given freedom to finance direct agricultural operations. The interest rates on deposits of urban banks have been deregulated from 21 October 1997. They can also install ATMs without prior approval of RBI. Thus, in the post Marathe committee dispensation, there was a paradigm shift in RBI's regulatory approach. An excessively controlled regime gave way to a thoroughly liberalized dispensation. The shift in RBI policy on UCBs was a natural corollary of its policy stance on financial sector. Strangely, state governments who are co-regulators have not brought out any significant parallel reforms in tune with liberalization process set in by RBI. The no exception is Andhra Pradesh which enacted the Mutually Aided Cooperative Societies Act, 1995 freeing the cooperative societies, registered under this Act, from government control as long as they do not solicit share capital or seek guarantees from state government.[3]

---

[3] http://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/10456.pdf

Geographical Distribution - India and Maharashtra:

The urban cooperative banks (UCBs) sector has emerged financially stronger since 2005, when the Reserve Bank conceived a vision document for the revival of this sector. Through the document, the Reserve Bank laid down a multilayered regulatory and supervisory approach aimed at the merger/amalgamation of viable UCBs and the exit of unviable UCBs. On account of this process of consolidation, there has been a continued reduction in the number of UCBs. In continuation with this trend at the end of March 2012, the total numbers of UCBs were 1,618 as against 1,645 at the end of March 2011. Further, there was a steady rise in the number of financially stronger UCBs (defined as UCBs belonging to Grades I and II) and a decline in the number of financially weaker UCBs (defined as UCBs belonging to Grades III and IV) between 2005 and 2011. The Map 1.0 shows the geographical map of India.

Map 1.0: Geographical Map of India

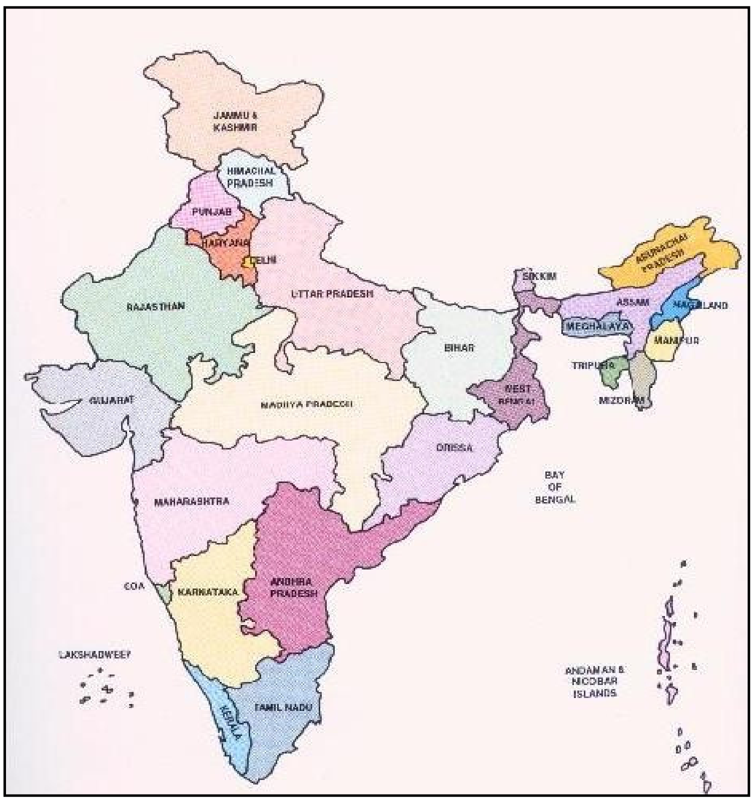


Table No. 1.1 shows the geographical distribution of UCBs in India. It indicates that UCBs are concentrated in five states, namely Andhra Pradesh (6.4%), Gujarat

(14.8%), Karnataka (16.9%), Maharashtra (32.8%) and Tamil Nadu (7.8%) which collectively account for 78.7% of all UCBs.[4]

Table No.1.1: State-wise Distribution of Urban Co-operative Banks as on March 31, 2012[5], Source: www.rbi.org.in

State-wise Distribution of UCBs (As at end-March 2012)								
Sr. No.	**States / Union Territories**	**No. of UCBs**	**No. of branches (including head office)**	**Total no. of ATMs**	**No. of districts with a UCB branch**	**No. of districts without a UCB branch**	**Deposits (Rs. Billion)**	**Advances (Rs. Billion)**
	Northern region	**74**	**342**	**2**	**46**	**60**	**80**	**46**
1	Haryana	7	16	0	7	14	5	3
2	Himachal Pradesh	5	9	0	4	8	4	2
3	Jammu and Kashmir	4	19	0	6	16	3	2
4	Punjab	4	19	2	4	13	8	4
5	Rajasthan	39	205	0	24	9	41	25
6	Delhi	15	74	0	1	0	18	10
	North-eastern region	**17**	**45**	**0**	**15**	**45**	**10**	**4**
7	Assam	8	23	0	5	22	5	2
8	Manipur	3	10	0	2	7	3	1
9	Meghalaya	3	5	0	3	4	1.4	0.7
10	Mizoram	1	1	0	1	7	0.3	0.1
11	Sikkim	1	4	0	2	2	0.2	0.1
12	Tripura	1	2	0	2	3	0.2	0.1
	Eastern region	**63**	**155**	**6**	**27**	**84**	**44**	**24**
13	Bihar	3	5	1	2	36	1	0.4
14	Odisha	12	45	0	12	18	11	6
15	West Bengal	46	103	5	11	8	33	18
16	Jharkhand	2	2	0	2	22	0.2	0.1
	Central region	**139**	**440**	**18**	**82**	**82**	**84**	**43**
17	Chhattisgarh	12	23	0	8	19	4	1
18	Madhya Pradesh	52	90	0	23	26	14	7
19	Uttar Pradesh	70	258	11	42	33	43	22
20	Uttarakhand	5	69	7	9	4	23	13
	Western region	**766**	**5427**	**1379**	**61**	**2**	**1814**	**1208**
21	Goa	6	73	17	2	0	19	12
22	Gujarat	237	865	85	24	2	246	155
23	**Maharashtra**	**523**	**4489**	**1277**	**35**	**0**	**1550**	**1041**
	Southern region	**559**	**1826**	**30**	**97**	**6**	**353**	**254**
24	Andhra Pradesh	103	283	7	21	2	64	47
25	Karnataka	266	851	18	30	0	163	115
26	Kerala	60	370	1	14	0	70	48
27	Tamilnadu	129	316	4	31	1	54	44
28	Puducherry	1	6	0	1	3	1.3	1.0
	All-India	**1618**	**8235**	**1435**	**328**	**279**	**2,385**	**1,580**

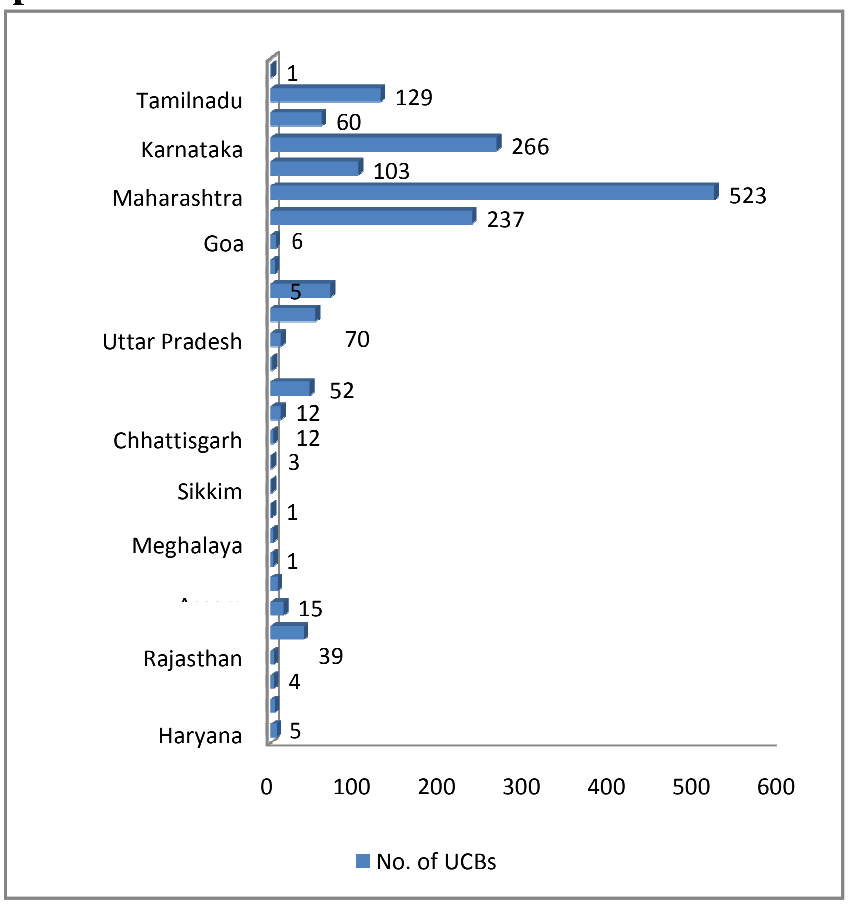
[4] http://www.rbi.org.in/scripts/PublicationReportDetails.aspx

[5] http://www.rbi.org.in/scripts/PublicationReportDetails.aspx

Table No. 1.1 shows that, there are 1618 UCBs and 8235 branches of UCBs in India at the end of March 2012. In Maharashtra, total number of UCBs is 523(32.32%) and the total branches of UCBs are 4489 (54.51%). Maharashtra is the State with the largest number of UCBs followed by Karnataka, Gujarat, Tamil Nadu and Andhra Pradesh. However, in other states the share of UCBs is very low. From this, it seen that there is centralization of UCBs only in Maharashtra.

The Graph 1.1 shows the sate wise total number of urban cooperative banks. It shows that Maharashtra is highest number of UCB‟s followed by Karanataka and Gujarat.

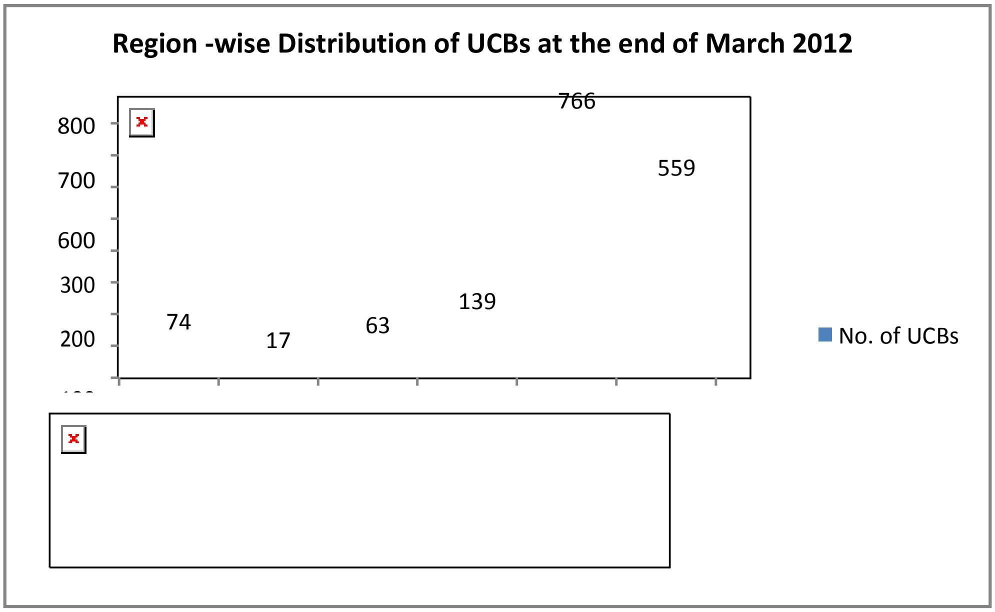
Graph 1.1: State wise total number of UCB as on March



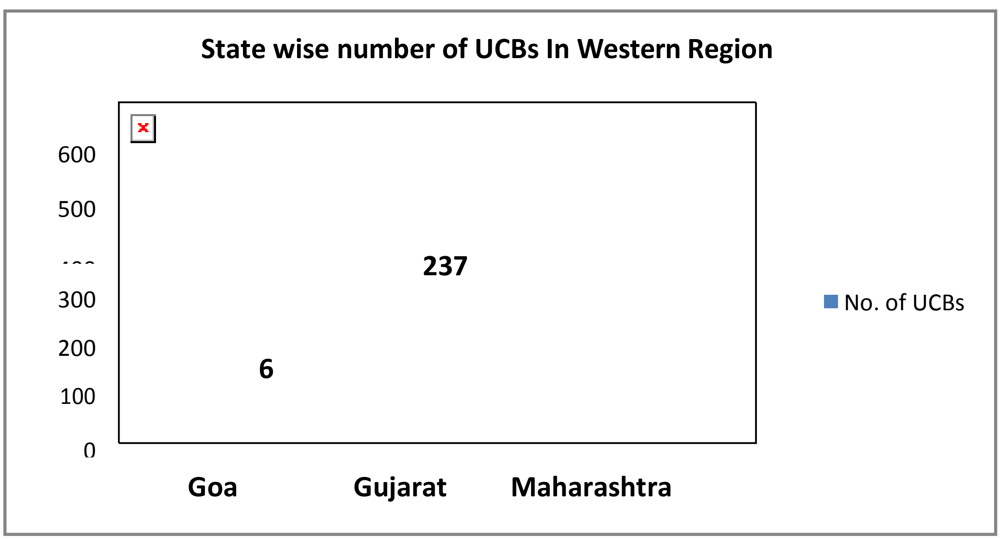
2012

The Graph 1.2 shows the region wise distribution of UCB‟s at the end of March 2012. It shows that western region has highest number of UCB‟s (766 out of 1618) followed by southern region.

Graph 1.2: Region wise distribution of UCBs at the end of March 2012



The Graph 1.3 shows that in state wise number of UCB‟s in western region. It shows that in western region Maharashtra state has largest number of UCB‟s (523 out of 766) followed by Gujarat and Goa.



Graph 1.3: State wise number of UCBs in Western Region

The banking business of UCBs captured spatially concentrated in the Western region followed by the Eastern region. Table No.1.2 shows volume of banking business per branch. Banking business was significantly higher in the western and southern regions of India.

Table No. 1.2: Region wise volume of banking business per branch for UCBs Source: Developments in cooperative banking, www.rbi.org.in

Volume of Banking Business per Branch for UCBs by Region			
Region	**Volume of banking business per branch (in millions)**		
	2009	**2011**	**2012**
Northern region	290	320	367
North-eastern region	151	262	313
Eastern region	342	403	445
Central region	234	285	290
Western region	395	490	557
Southern region	214	289	332
All-India	**341**	**426**	**481**

Credit structure in India: Status

The cooperative structure in India can broadly be divided into two segments. While the urban areas are served by urban cooperative banks (UCBs), rural cooperatives operate in the rural parts of the country. By end of March 2011, there were 1,645 UCBs operating in the country, of which majority were non-scheduled UCBs. Moreover, while majority of the UCBs were operating within a single State, there were 42 UCBs having operations in more than one State.

The rural cooperatives are divided into short term and long term structures. The structure of short term cooperatives sector comprises of State Cooperative Banks (SCBs) operating as apex level institutions in each state, District Central Cooperative Banks (DCCBs) operating at district level and the Primary Agricultural Credit Societies (PACS) operating at grass root level. Similarly, the long term cooperatives are the State Cooperative Agriculture and Rural Development Banks (SCARDBs) at and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) operating at district/block level.[6]

Types of Co-operative Banks:

The Credit cooperatives in India are divided into two main categories namely urban cooperative banks (UCBs) and rural cooperatives. The urban cooperative are of two different types scheduled or Non-scheduled which are operating either in single state or multi-state. There are two types of rural cooperatives long-term and short-term. Figure 1.1 shows the structure of cooperative bank in India.

Tier-Wise Profile of UCBs:

UCBs are classified into two categories, viz., **Tier-I** and **Tier-II** for regulatory purposes. All UCBs following the below stated criteria are classified as Tier I banks where as all other banks are classified as tier II banks.

- Banks having deposits below 100 crore operating in a single district.Banks with deposits below 100 crore operating in more than one district provided the branches are in bordering districts and, deposits and advances of branches in one district separately constitute at least 95 percent of the total deposits and advances, respectively of the bank.
- Banks with deposits below 100 crore, whose branches were originally in a single district but subsequently, became multi-district due to reorganization of the district.

There was an increase in the number of tier-II banks while number of tier-I banks reduced as on March 2011 as compared to the previous year. By the end of March 2011 tier-I banks accounted for more than three fourths of total number of UCB‟s. [7]

Urban cooperative banks (UCBs) and its role in development:

There are over 1,650 UCBs with close to 7,000 branches in the country. Yet they form a tiny part of the banking system accounting for less than 3% of the total banking assets and deposits and less than 3.5% of total advances. They also follow the 80-20 rule. The top 20% of UCBs accounts for almost 80% of its deposits.

In spite of being present in 25 states, much (almost 80%) of the action happens in the five states of Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu with the largest share going to Maharashtra. As on March 31, 2010, Maharashtra stood third among all UCBs, There are almost half of all UCB branches, around 60% of total extension counters of UCBs and more than 85% of all its automated teller machines (ATMs) are in Maharashtra. As a result more than 60%of the total banking business of the UCBs sector was concentrated in Maharashtra but their numbers have been decreasing in recent years. During 2000-2010, 132 banks had their licenses cancelled and 62 merged with other banks. In this scenario, it is perhaps understandable why this sector does not exactly steal the limelight in banking policy.

As far as financial inclusion is concerned, ignoring the value of this sector would be a serious mistake. By their nature, UCBs in India can play a critical role in this area. They have traditionally played an important role in mobilizing resources from lower and middle-income groups and in providing direct finance to small entrepreneurs and traders. The UCBs, with their deep-rooted connections with specific communities, can easily inspire the trust of small savers and borrowers. By being local in nature and intricately interwoven with the local community, the UCBs have a clear advantage over commercial banks. It is easier for the UCBs to break the psychological barrier that proves prohibitive in the last mile of financial inclusion – create trust for the bank among its target community and bring customers within its fold. Today, when large commercial banks are working hard to set up branches and employing technology to reach out to thus far untouch regions of the country, it is time for the UCBs to step into the game that is naturally theirs.

Review of growth of UCBs:

While reviewing the progress made by the urban cooperative banks during the last 10 years, it was observed that the performance has by and large been satisfactory as shown in Table No. 1.3. Though there has been reduction in the number of UCBs from 2004 onwards, the total banking business (deposits plus advances) of UCBs has shown steady increase signifying that the banks have been able to earn more business.

Table No. 1.3: Performance of UCBs – Deposits and Advances Source: Reserve Bank

of India,

Note: Provisional data as on March 31, 2011

As on March 31	No. of UCBs	Deposits (Crore)	Advances (Crore)
2001	1618	80840	54389
2002	1854	93069	62060
2003	1941	101546	64880
2004	1926	110256	67930
2005	1872	105021	66874
2006	1853	114060	71641
2007	1813	121391	79733
2008	1770	138496	88981
2009	1721	158733	97918
2010	1674	182862	110303
2011	1645	209949	135104

Role of technology in development of UCBs:

Technological innovation has not only enabled a broader reach for consumer banking and financial services, but has enhanced its capacity for continued and comprehensive growth. Banks and financial institutions rely on gathering, processing, analyzing information in order to improve its service and fulfill the expectation of customers. The visible benefits of IT in day-to-day banking in India are quite well known. The „Anywhere Banking‟ is now possible as „Anytime Banking‟ with the help core banking system solution, through new, 24 by 7 by 365 days delivery channels such as Automated Teller Machines (ATMs), net banking and mobile banking etc and are also becoming gradually more an integral part of the services provided by the UCBs. In addition, IT has enabled the efficient, accurate and timely management of the increased transaction volume that comes with a larger customer base.

Another important aspect with regard to technology implementation for internal purpose in UCBs is the Management Information System (MIS). The MIS reports generated help the top management as an effective risk management and a strategic decision making tool.

Use of IT reduces the costs of financial transactions, improves the allocation of financial resource and increase the competitiveness and efficiency of financial institutions.

The challenge now lies in taking greater advantage of new technologies and information-based systems and expanding the coverage of Indian banking and financial system to served markets in rural and semi-urban areas. The use of Smart Card technology, ATMs, Electronic payments networks in remote areas could play significant role in providing financial services to people. The technology based solution would go a long way for achieving inclusive growth in India.

However, the expansion of such capabilities must be accompanied by a minimum level of information security features and continued compliance with established covenants and international standards relating to privacy of customers transaction in order to enhance the customer‟s confidence in the internet banking by controlling the fraudulent transactions

PROFILE OF THE TASGAON URBAN CO-OPERATIVE BANK LTD.

Tasgaon was a state ruled by Patwardhans. It was a small town consisting of farmers, traders, small vendors etc. in fact Tasgaon is a central place of the district. But due to inadequate communication and transportation facilities it could not develop properly. Many urban banks in the state Maharashtra were established by Philanthropists and Establishment of Tasgaon Urban Co-operative Bank Ltd. was no exception to it. It was founded by Roabahadur shete and his colleagues on 6th Feb, 1936, recently the Bank celebrated its Golden Jubilee.

PROFILE OF THIS BANK

1. NAME OF THE BANK- "THE TASGAON URBAN CO-OPERATIVE BANK LTD."

2. ADRESS OF BANK- 2396 B, GURUVAR PETH, TASGAON.

TAL- TASAGAON, DIST. SANGLI

3. DATE OF REGISTRATION- 6TH FEB 1936.

4. FOUNDER OF BANK- SHRI. RAOBAHADUR SHETE

*5. **NO.OF BRANCHES**- 8*

6. NO. OF MEMBERS- **A**- REGULAR- 8264

B- NOMINAL-986

7. AUDIT GRADE- A

URBAN CO-OPERATIVE BANKING IN SANGLI DISTRICT

Sangli district came on the map of Maharashtra state in the year 1962. Before the emergence of sangli district and during the Pre-Independence period the district was fragmented. Sangli, Miraj, Budhgaon, Tasgaon etc. were ruled by Patwardhans having state boundary in Karnataka and Kolhapur region.

Sangli state, through small in its boundary area was at par with other developed states such as Kolhapur, Aundh etc.

NAME OF THE BANKS	YEAR OF ESTABLISHMENT
Islampur Peoples Co-op. Bank Ltd.	1926
Islampur Urban Co-op. Bank Ltd	1935
Urban Co-op. Bank Ltd, Sangli	1935
Vita Merchants Co-op. Bank, Vita.	1936
Tasgaon Urban Co-op. Bank Ltd, Tasgaon	1936
Ashta Co-op. Urban Bank Ltd, Ashta.	1947

Tasgaon was a state ruled by Patwardhans. It was as small town consisting of farmers, small traders etc. In fact Tasgaon is a central place of the district. Many urban banks in the state of Maharashtra were establishment by philanthropists and establishment of Tasgaon Urban Co-operative Bank Ltd. was no exception to it. It was founded by Roabahadur Shete and his colleagues on 6th February 1936.

CHAPTER III

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

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.

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.

The 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 identities 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.

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 o 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 it's owns 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 an 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 the 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.

Net Assets = Total Assets – 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.

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.

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.

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 to determine the information contained in the financial statement. The second step is to arrange information in a way to highlights 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.

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

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.10 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".11 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)

Fixed assets to Net Worth = Net fixed assets / 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:

Debt-to-equity ratio = Liabilities / 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.

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)

ROCE = EBIT / Capital Employed = EBIT / (Equity + Non-current Liabilities) = EBIT / (Total Assets - 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 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.

3:2 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.

3:2:1 GEOGRAPHICAL LOCATION

The Sangli district lies between 16^0-45 and 17^0-22 north latitude and 73^0-42 and 75^0-40 east longitude. The Sangli district geographical area is 8572 Sq. Kilometers and it is 21st 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

3:2:2 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.

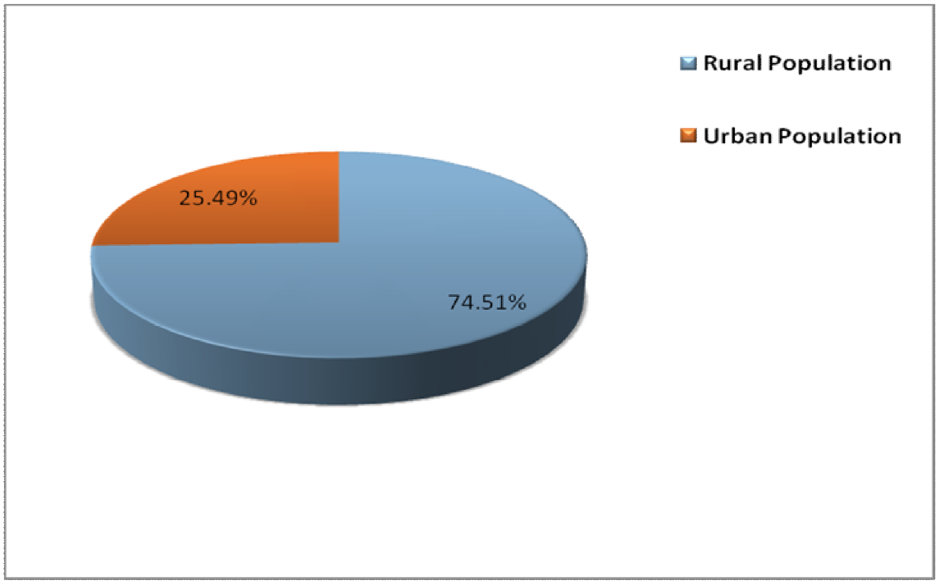
RURAL POPULATION OF SANGLI DISTRICT 2011

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. 3:2

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

No	Name of Tehsils	Population (Thousands)	House Holds (Thousands)	Density	Sex Ratio	Agricultural Labourers
1	Miraj	756	150	816	943	36028
2	Shirala	158	32	248	1020	7962
3	Walwa	427	83	553	938	43546

4	Palus (Est. Jully 1999))	157	30	337	930	23942
5	Khanapur	162	33	222	1000	20860
6	Atpadi	125	23	151	986	8781
7	**Tasgaon**	**232**	**45**	**230**	**165**	**18467**
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.
	Total	**5283**	**506**	**301**	**957**	**191490**

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 1st July 1999. Walwa Tehsil is on second rank. Jath Tehsil is on 3 rd rank. The data of Kadegaon Tehsil (which is established in March 2002) is not available.

BANKING NETWORK IN THE SANGLI DISTRICT

Table No 3:9

Banking Facilities in the District (Up to 31st 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
Total		**267**	**87**	**71**	**425**

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 31st 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.

MASSIVE INCREASE IN DEPOSITS AND CREDIT

Table No 3:10

Major Banks Deposits and Credits in the Sangli District

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

No.	Name of the Banks	Deposits	Credit
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.

CHAPTER IV
DATA ANALYSIS AND INTERPRETATION

3.1 Introduction:-

Financial statements are indicators of the two significance factors:

(I) Profitability, and

(II) Financial Soundness.

Analysis and interpretation of financial statements, therefore refers to such a treatment of the information contained in the Income statement and the Balance sheet so as to afford full diagnosis of the profitability and financial soundness of the business.

A distinction here can be made between the two terms 'Analysis means methodical classifications of the data given in the financial statements. The figures given in the financial statement will not help one unless they are put in a simplified form. For example, all items relating o 'Current Asset' are put at one place while all items relating to 'Current liabilities' are put at another place. The term 'Interpretation' means explaining the meaning and significance of the data so simplified.

However, both 'Analysis and Interpretation' are complementary to each other. Interpretation requires Analysis, while Analysis is useless without Interpretation. Most of the authors have used the term 'Analysis' only to cover the meanings of both analysis and interpretation, since analysis involves interpretation. According to **Myres,** "Financial statement analysis is largely a study of the relationship among the various financial factors in a business as disclosed by a single set of statements and a study of the trend of these factors as shows as in a series of statements". For the sake of convince, we have also used the term "Financial statement analysis" throughout the chapter to cover both analysis and Interpret

3.2 Growth Trends of Capital/Liabilities

Table 3.1

Growth Trends of Capital/Liabilities Position of TUCBT.

(Rs. In Crores)

Year	Share Capital	Reserve Fund & Surplus	Long term liability	Current liability	Total
2001-02	4117500	36160713	1186435	5932172	47396820
2002-03	4715640	43155768	1174812	5874062	54920282
2003-04	5038010	48868749	1612180	8060902	63579841
2004-05	5485950	52848054	1723802	8119012	68176818
2005-06	5679390	54282480	1990575	8645288	70597733
2006-07	5754650	58965570	2147275	8623637	75491132
2007-08	6475778	63586214	2778569	8789285	81629846
2008-09	7499420	67757947	2941386	8870693	87069446
2009-10	8351240	70353324	3209587	8904794	90818945
2010-11	8966640	74384161	4211541	8805771	96368113

Source:- Annual Reports of 2001-02 to 2010-11 of TUCBT

Table 3.2

% of Growth Trends of Capital/Liabilities position of TUCBT

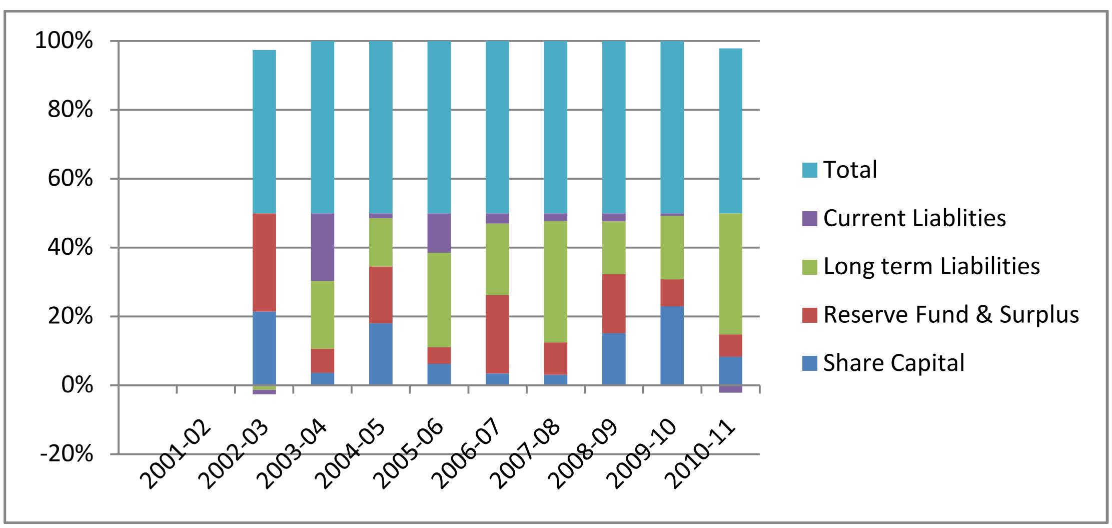
Year	Share Capital	Reserve Fund & Surplus	Long term Liabilities	Current Liabilities	Total
2001-02	0	0	0	0	0
2002-03	14.52	19.34	-0.88	-0.88	32.1
2003-04	6.83	13.23	37.22	37	94.5
2004-05	8.89	8.14	6.92	0.72	24.67
2005-06	3.52	2.71	15.47	6.48	28.18
2006-07	1.32	8.62	7.87	1.16	18.97
2007-08	2.53	7.83	29.39	1.92	41.67
2008-09	5.80	6.56	5.85	0.92	19.13
2009-10	11.35	3.83	9.11	0.38	24.67
2010-11	7.36	5.72	31.27	-1.92	42.43

Source:- Annual Reports of 2001-02 to 2010-11 of TUCBT

Note: - 1. The year 2001-02 is an assumed as base year.

Table no. 3.1 indicates the growth trends of capital and liabilities and table no. 3.2 shows that the percentage of growth trends. The growth trends of share capital was ups and down. In the year 2002-03 it was 14.52 percent then from 2003-04 to 2008-09 the growth trends was decreased continuously. After that it was increased in the year 2009-10 it was 11.35 percent. In the year 2010-11 growth trends again decreased. The growth trend of reserve and surplus was also shows that increase and decrease position. This trend was increase only in the year 2002-03 after that it was decrease continuously up to the year 2010-11 i.e. 5.72 percent. In the table no. 3.2 growth trend of long term and current liabilities were also showed. In the year 2003-04, 2007-08 and 20010-11 the percentage was very high i.e. 37.22,29.39 and 31.27 respectively and remaining year it was favorable for financial position. Current liabilities growth trend was in favor of good financial position expected the year 2003-04.

Graph 3.1
Growth Trend of Capital /Liabilities Position of TUCBT.



Graph no 3.1 shows that the percentage of growth trends of capital and liabilities.

3.2 Growth Trend Asset/Property position

Table 3.3
Growth Trend Asset/Property position of TUCBT

(Rs. In Crores)

Year	Fixed Asset	Investment	Current Asset	Total
2001-02	2007624	127456050	17535873	146999547
2002-03	3065192	140405500	26081794	169552486
2003-04	2511246	191891593	18585422	212988261
2004-05	2856217	18708546200	19334404	18730736821
2005-06	2450294	192181841	18197622	212829757
2006-07	3395679	150878750	25876336	180150765
2007-08	2912440	184575659	28318050	215806149
2008-09	1896404	195372568	18749433	216018405
2009-10	4490652	224618417	18485918	247594987
2010-11	5356336	206627713	29319172	241303221

Source:- Annual Reports of 2001-02 to 2010-11 of TUCBT
Note: - 1. The year 2001-02 is an assumed as base year.

Table 3.4
Percentage Growth Trend Asset/Property position of TUCBT

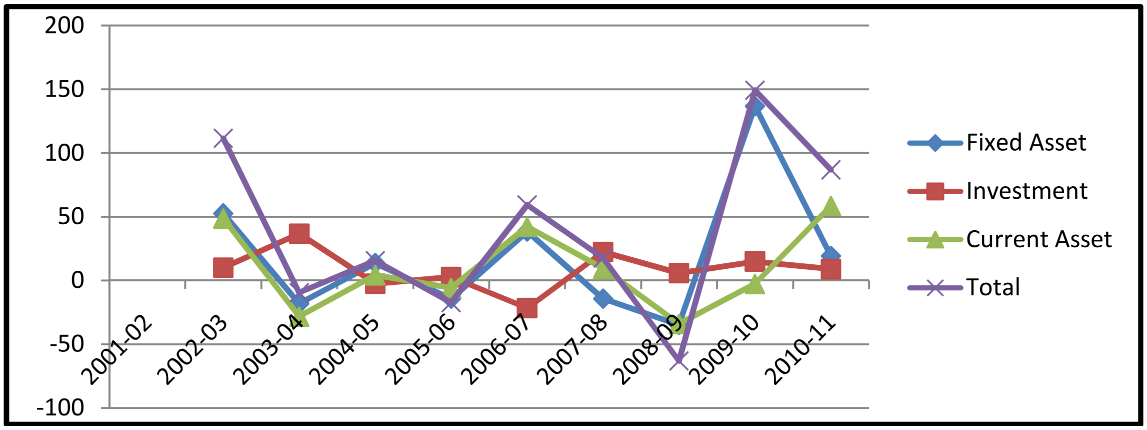
(Rs. In Crores)

Year	Fixed Asset	Investment	Current Asset	Total
2001-02				
2002-03	52.68	10.16	48.73	111.57
2003-04	-18.07	36.67	-28.14	-9.54
2004-05	14	-2.5	4.3	15.54
2005-06	-14.21	2.72	-5.88	-17.37
2006-07	38.58	-21.5	42.2	59.28
2007-08	-14.23	22.33	9.44	17.54
2008-09	-34.89	5.85	-34	-63.04
2009-10	136.8	14.97	-2.5	149.27
2010-11	19.28	9.01	58.6	86.89

Source:- Annual Reports of 2001-02 to 2010-11 of TUCBT
Note: - 1. The year 2001-02 is an assumed as base year.

Graph. 3.2

Growth Trend Asset/Property position of TUCBT



Source:- Annual Reports of 2001-02 to 2010-11 of TUCBT

Note :- 1. The year 2008-09 is an assumed as base year.

2. The figure in bracket indicates percentage over the previous year.

It appears from table 3.3 that the fixed assets of the TUCB accounted 52.68 percent net growth of the TUCB during the year of 2002-03, as compared to the year 2003-04. It is indicated that was a growth of the TUCB of the fixed asset is decline (i.e. -34.89percent) during the end of the year 2008-09. In the year 2009-10 growth rate of fixed asset was tremendous change i.e. 136-80 percent. It means that the growth rate of fixed asset was increased.

It is revealed from table 3.4 that the Investment of the TUCB accounted 10.16 percentage net growth of the TUCB during the year of 2001-02, as compared to the year 2004-05. It is shown that was a growth trend of the TUCB of the high increase (i.e. 36.67 percent) during the year 2003-04. This growth trend also increased in the year 2007-08 and 2009-10 i.e.22.33 percent and 14.97 percent respectively.

It is disclosed from table 3.4 that the current asset of TUCB accounted 48.73 percent of during the 2001-02, as compared to the year 2004-05. It is focused that was an increase (i.e. 42.20 percent) in the end of year 2006-07. The current asset growth trend was went in to minus position the end of the year 2003-04, 2005-06, 2008-09 and 2009-10.

It is appears from the table 3.4 that the total of TUCB accounted 111.57 percent of during 2001- 02, as compared to the year 2010-11. It is indicated that was high growth of (i.e. 149.27 percent in the end of year 2009-10.

3.3 **Position of total fund (Liabilities)**

Table 3.5
Position of total fund of TUCB (Liabilities)
(Rs in Crores)

Year	Share Capital	Reserve Fund & Surplus	Long term liability	Current liability	Total
2001-02	4117500 (8.69)	36160713 (76.29)	1186435 (2.50)	5932172 (12.52)	47396820 (100)
2002-03	4715640 (8.59)	43155768 (78.58)	1174812 (2.14)	5874062 (10.70)	54920282 (100)
2003-04	5038010 (7.92)	48868749 (76.86)	1612180 (2.54)	8060902 (12.68)	63579841 (100)
2004-05	5485950 (8.05)	52848054 (77.52)	1723802 (2.53)	8119012 (11.90)	68176818 (100)
2005-06	5679390 (8.04)	54282480 (76.89)	1990575 (2.82)	8645288 (12.25)	70597733 (100)
2006-07	5754650 (7.62)	58965570 (78.11)	2147275 (2.84)	8623637 (11.42)	75491132 (100)
2007-08	6475778 (7.93)	63586214 (77.90)	2778569 (3.40)	8789285 (10.77)	81629846 (100)
2008-09	7499420 (8.61)	67757947 (77.82)	2941386 (3.38)	8870693 (10.19)	87069446 (100)
2009-10	8351240 (9.20)	70353324 (77.47)	3209587 (3.53)	8904794 (9.80)	90818945 (100)
2010-11	8966640 (9.30)	74384161 (77.19)	4211541 (4.37)	8805771 (9.14)	96368113 (100)

Source:- Annual Reports of 2008-09 to 2012-13 of TUCBT

Note: - 1. The figure in bracket indicates percentage over the previous year.

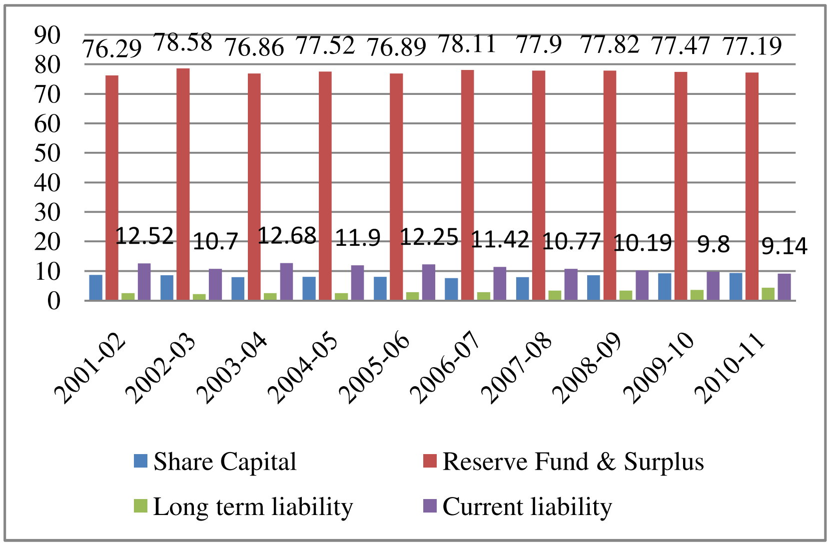
It appears from table 3.5 that Share Capital and Reserve Fund accounted combined 84.98 percent of the total funds with TUCB during 2001-02, compared to the year 2003-04. Also table showed that the percentage share capital in total fund is very low compare to other liabilities but positive thing was the trend of percentage is increased every year. In the year the percentage was 8.69 in the year 2001-02 it increased end of the year 2010-11 i.e. 9.30.

It seen from table 3.5 that Long term Liability accounted very small share in total fund . in the year 2001-02 the share was only 2.50 percent but every year this share increased . in the end year 2010-11 it went up to only 4.37 percent.

It appears that table no. 3.5 Current Liability also include in total fund compare to long term liabilities current liabilities take more share in total fund. In the year 2001-02 the share of current liabilities was 12.52 percent of total fund. But after that the percentage of current liabilities shows the decrease trend. The end of the last year 2010-11 it was went to 9.14 percent.

Graph no. 3.3

Position of total fund of TUCB (Liabilities)



Graph no.3.3 shows that position of various liabilities in the total fund.

3.4 Position of total fund (Assets)

Table No 3.6

Position of total fund of TUCB (Assets)

Year	Fixed Asset	Investment	Current Asset	Total
2001-02	2007624 (1.37)	127456050 (86.71)	17535873 (11.93)	146999547 (100)
2002-03	3065192 (1.81)	140405500 (82.81)	26081794 (15.38)	169552486 (100)
2003-04	2511246 (1.18)	191891593 (90.09)	18585422 (8.73)	212988261 (100)
2004-05	2856217 (0.02)	18708546200 (99.88)	19334404 (0.10)	18730736821 (100)
2005-06	2450294 (1.15)	192181841 (90.30)	18197622 (8.55)	212829757 (100)
2006-07	3395679 (1.88)	150878750 (83.75)	25876336 (14.36)	180150765 (100)
2007-08	2912440 (1.35)	184575659 (85.53)	28318050 (13.12)	215806149 (100)
2008-09	1896404 (0.88)	195372568 (90.44)	18749433 (8.68)	216018405 (100)
2009-10	4490652 (1.81)	224618417 (90.72)	18485918 (7.47)	247594987 (100)
2010-11	5356336 (2.22)	206627713 (85.63)	29319172 (12.15)	241303221 (100)

Source:- Annual Reports of 2008-09 to 2012-13 of TUCBT

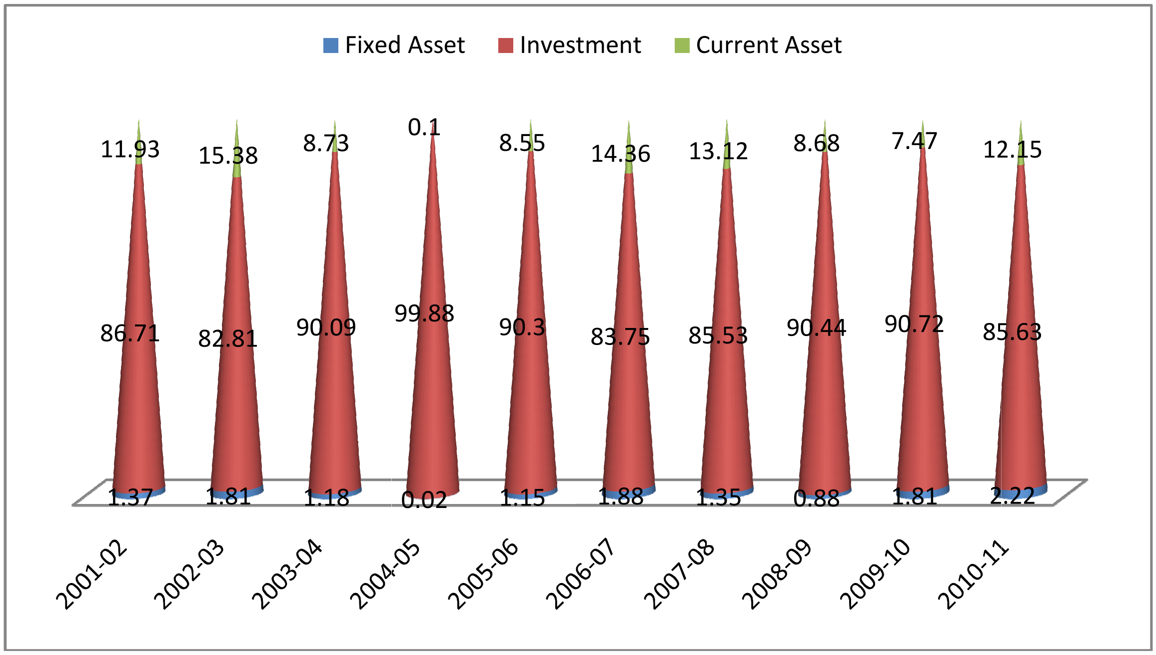
Note: - 1. The figure in bracket indicates percentage over the previous year.

It appears from table 3.6 that Fixed Asset accounted 1.37 percent of the total funds with TUCB during 2001-02, as compared to the year 2008-09. It indicated that was a position of TUCB slight decline from 2004-05 to 2008-09 it was 1.18 to 0.88 percent. In the end of the year 2010-11 the percentage of fixed assets to total funds was increased and went up to the 2.22 percent it was highest in the last decade.

Table no 3.6 shows that was acquired major part of total funds. In the year 2001-02 the part of investment in total fund was 86.71 followed by end of the year 2002-03. In the year 2004-05 investment near about hundred percent of total fund i.e. 99.88. Total observations of Investment share in the total funds were above 85 percent.

It disclosed from table 3.6 that the Current Asset accounted 13.12 percent of the total fund of TUCB during the year 2007-08, as compared to the year 2001-02. It shown that was a position of Current Asset increase share (i.e.12.15 percent) of TUCB in the end of year 2010- 11.

Graph No 3.4
Position of total fund of TUCB (Assets)



3.5 Capital Adequacy position

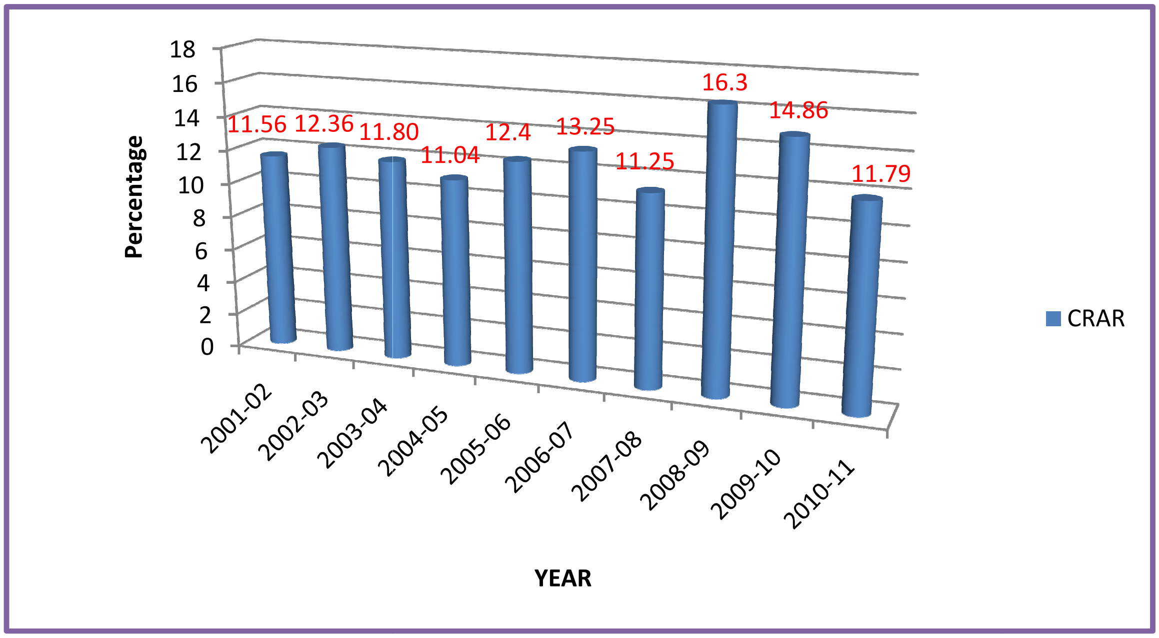
Table 3.7
Capital Adequacy position of TUCB
(In lakh)

It was disclosed from the table 3.7 that Capital Adequacy accounted 2816.32 of TUCB during the year 2001-02. As compared to the year of 2010-11, it indicated that was a slight increased from (2914.19 to 3853.85) of the end of year 2010-11.

Sr. No.	Particular	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1	A. Tyre 1 Capital	2816.32	2914.19	3012.14	3121.09	3116.28	3127.68	3852.26	**3033.98**	3074.94	3853.85
2	B. Tyre 2 Capital	658.23	688.12	710.23	781.25	784.63	788.68	782.39	**1107.55**	1256.10	**1325.61**
3	**Total (A+B)**	**3474.55**	**3602.31**	**3722.4**	**3902.34**	**3900.9**	**3916.36**	**4634.65**	**4141.53**	**4331.04**	**5179.46**
4	Total Risk Load on Property	19028	21018.3	24017	23145.1	24171.2	26154.9	29561.7	**35125.63**	37485.12	**42156.4**
5	**CRAR (%)**	11.56	12.36	11.8	11.04	12.4	13.25	11.25	**16.30%**	14.86	**11.79**

Graph No. 3.5

Capital Adequacy position of TUCB



3.6 Mixer of Bank Deposits

Table no. 3.8 shows that the mixer of bank deposits. Current Deposits accounted 41.88 lakh to the total deposit of TUCB during the year 2001-02. As compared to the year of 2004-05, it indicated that was a increased the amount of current deposit i.e. 62.14 lakh. After end of the year 2004-05 current deposits trend was decreased continuously up the end of the year 2008-09. In the year 2010-11 current deposits tremendous change i.e. 141.84 lakh.

Table no. 3.8 shows that the mixer of bank deposits. Saving Deposits accounted 414.06 lakh to the total deposit of TUCB during the year 2001-02. As compared to the year of 2004-05, it indicated that was a increased the amount of current deposit i.e. 487.33 lakh. After end of the year 2004-05 current deposits trend was decreased continuously up the end of the year 2007-08. In the year 2010-11 current deposits change i.e. 109.54 lakh as compare to year 2009-10 and 2008-09.

Fixed Deposits accounted 743.62 lakh to the total deposit of TUCB during the year 2001-02. As compared to the year of 2004-05, it indicated that was a increased the amount of current deposit i.e. 1180.50 lakh. After end of the year 2004-05 current deposits trend was decreased continuously up the end of the year 2008-09. In the year 2010-11 current deposits change i.e. 4842.13 lakh as compare to year 2009-10 and 2008-09.

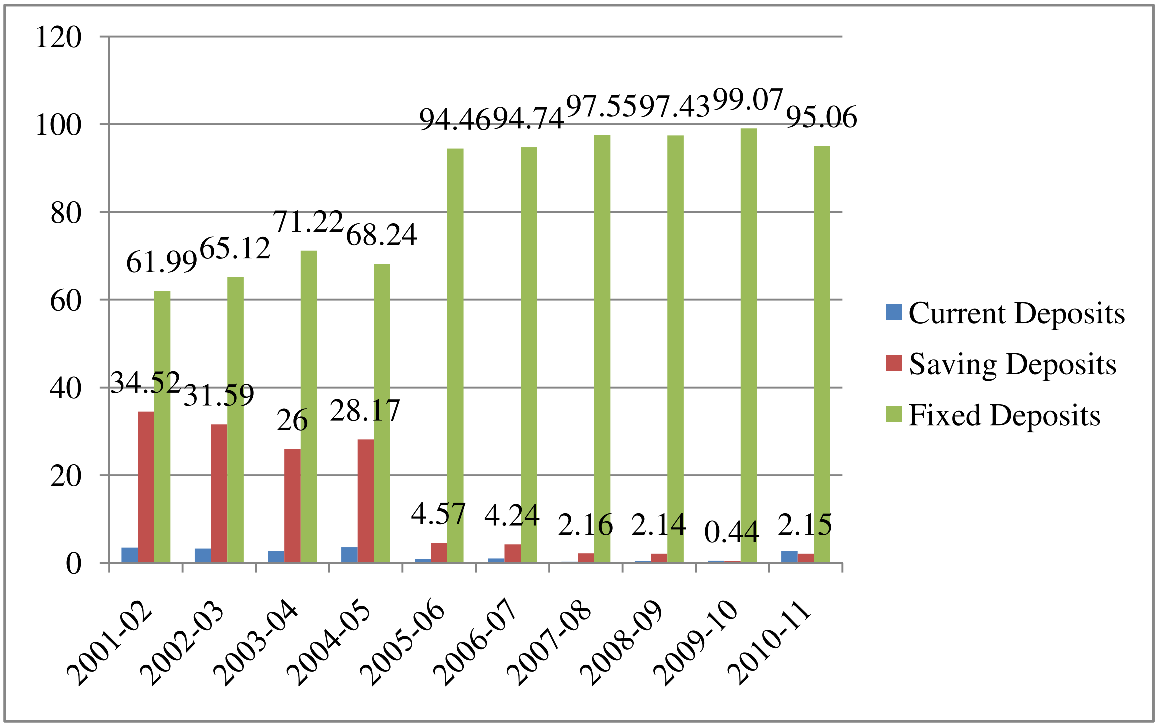
Overall trend of mixer deposits were increased every year.

Table no. 3.8

The Mixer Of Bank Deposits

Sr. No.	Types of Deposits	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1	**Current**	41.88	42.56	43.47	62.14	12.48	13.95	12.38	18.9	48.26	141.84
2	**Saving**	414.06	409.25	405.65	487.33	58.82	57.89	91.27	94.95	42.89	109.54
3	**Fixed**	743.62	843.62	1111.32	1180.5	1214.9	1293.7	4129.3	4318.87	9692.27	4842.13
4	**Total**	**1199.56**	**1295.43**	**1560.44**	**1729.97**	**1286.21**	**1365.53**	**4232.96**	**4432.72**	**9783.42**	**5093.51**

Graph No. 3.6
Mixer of Bank Deposits on 2001-2011



Short term liquidity position

Table No 3.9

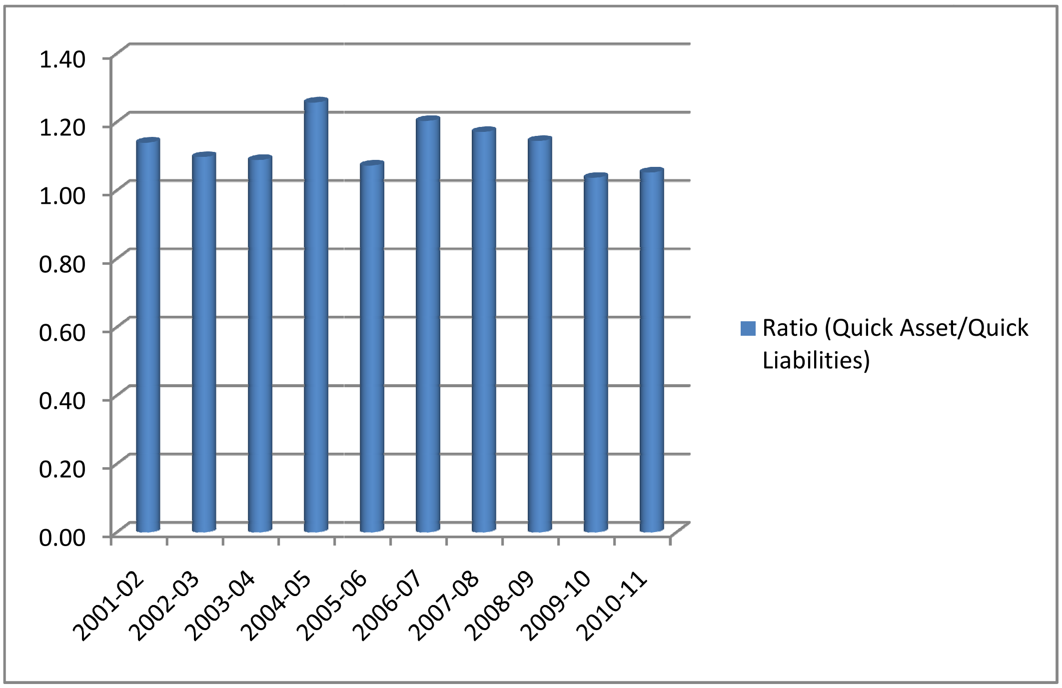
Short term liquidity position of TUCB

Year	Quick Asset	Quick Liabilities	Ratio (Quick Asset/Quick Liabilities)
2001-02	5697123658	4999875698	1.14
2002-03	5924687156	5398745612	1.10
2003-04	6124785463	5625698741	1.09
2004-05	6874569813	5469874562	1.26
2005-06	7015489631	6542013697	1.07
2006-07	7936548921	6598147563	1.20
2007-08	8924785631	7623654781	1.17
2008-09	9954762589	8698745621	1.14
2009-10	1023659874	987456984	1.04
2010-11	1102365478	1047563215	1.05

It appears from table 3.9 that the current ratio accounted 1.14 to 1.09 times of TUCB was below the norm i.e. 2:1 in the year of 2001-02 to 2002-03. In the end of the year 2004-05 current ratio increased up to the 1.26. in the year 2005-06 it was again decreased up to 1.7. in the year 2006-07 this ratio went up to 1.20 and after that it was continuously decreased up to the year 2009-10. It indicates that short term liquidity position of the bank was satisfactory as if does not have adequate current assets to pay of the debts.

Graph No. 3.7

Short term liquidity position



3.8 Working Capital

Table No. 3.10

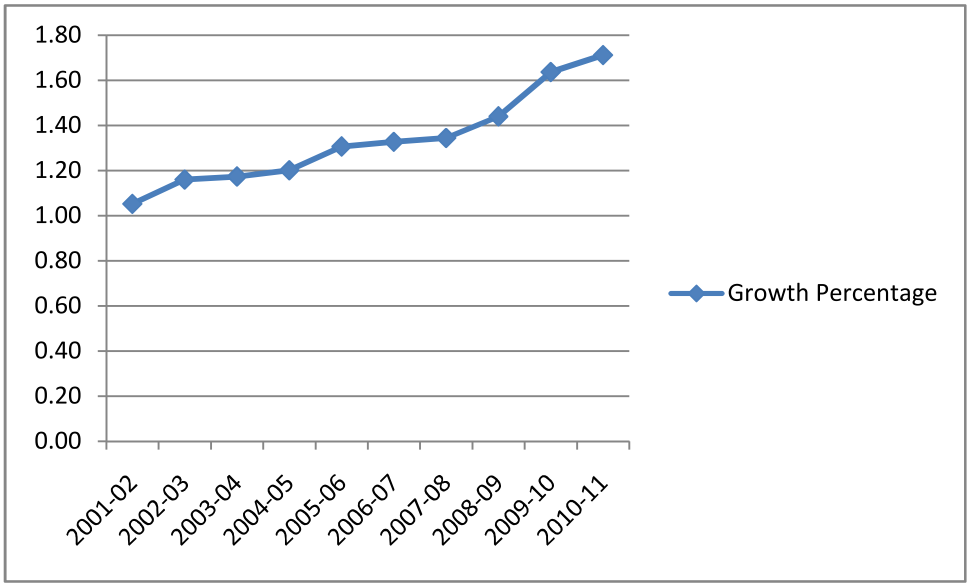
Working Capital

Year	Particulars	Growth Percentage
2001-02	1575.62	1.05
2002-03	1736.38	1.16
2003-04	1756.89	1.17
2004-05	1798.63	1.20
2005-06	1956.32	1.31
2006-07	1987.12	1.33
2007-08	2012.58	1.34
2008-09	2156.14	1.44
2009-10	2451.10	1.64
2010-11	2563.15	1.71

It disclosed from table 3.10 that the working capital accounted 1.05 percent in the year 2001-02. From the year end 2002-03 to 2010-11 the working capital ratio increased every year i.e.1.16 to 1.71percent. It means last decade the ratio of working capital was increased it means financial position of bank very well.

Graph No. 3.8

Working Capital



3.9 Proprietary Funds

Table No. 3.11

Proprietary Funds

Year	Proprietary Funds	Total Assets	Ratio
2001-02	3614589754	1387964523	2.60
2002-03	3698745624	1399784562	2.64
2003-04	3789654782	1478512305	2.56
2004-05	3869745625	1497863254	2.58
2005-06	3945698715	1499587642	2.63
2006-07	3998478562	1500263545	2.67
2007-08	4025698741	1498756321	2.69
2008-09	4975624875	1704265987	2.92
2009-10	5014563254	1798745698	2.79
2010-11	5126987456	1798563258	2.85

It appears from table 3.11 that the fixed asset to proprietary funds ratio accounted 2.60 times in the year 2001-02 and 2.85 in the year 2010-11 of TUCB. The increasing growth of the percentage by 0.15 in the preceding year.

Graph No. 9

Proprietary Funds

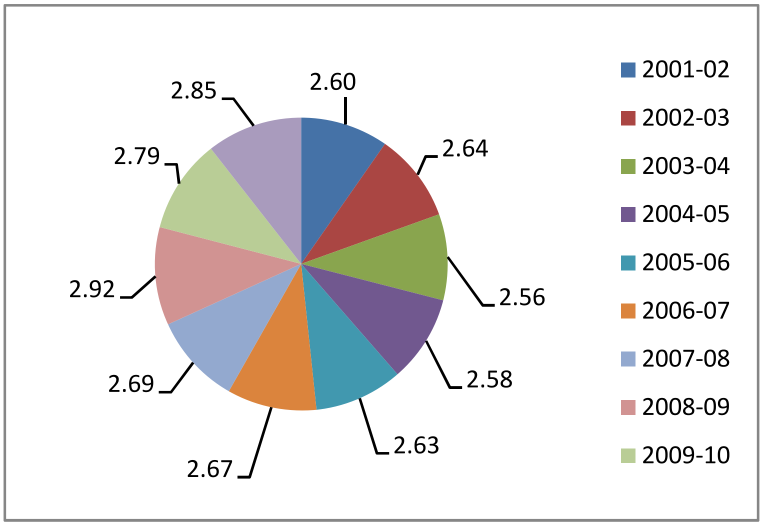


Table-4 Tasgaon Urban cooperative Bank, Tasgaon							
YEAR	**Borrowings Ratio**	**Total Business Ratio**	**Investments Ratio**	**Owned Funds Ratio**	**Credit Deposit Ratio**	**Total Score**	**Ultimate Rank**
2001-02	16.76 (10)	1332 (10)	410.78 (10)	115.24 (10)	0.62 (8)	48	1
2002-03	25.35 (8)	1584.5 (8)	431.55 (9)	148.92 (9)	0.64 (5)	39	2
2003-04	27.85 (7)	1792.8 (7)	486.34 (8)	152.4 (7)	0.61 (9.5)	38.5	3.5
2004-05	21.53 (9)	2022.9 (6)	502.4 (7)	201.9 (7)	0.61 (9.5)	38.5	3.5
2005-06	33.64 (6)	1576.6 (9)	586.92 (6)	226.2 (6)	0.63 (7)	34	5
2006-07	52.83 (1)	2905.7 (5)	632.07 (5)	247.2 (5)	0.67 (2)	18	6
2007-08	40.38 (3)	2971 (4)	711.54 (4)	286.65 (2)	0.67 (2)	15	7
2008-09	36.82 (5)	4121.7 (3)	890.41 (3)	248.67 (4)	0.67 (2)	17	8
2009-10	41.7 (2)	4694.8 (2)	948.92 (2)	281.92 (3)	0.64 (5)	14	9
2010-11	38.02 (4)	5399.8 (1)	1031.14 (1)	324.56 (1)	0.64 (5)	12	10
Mean	33.48	2840	6632	223.37	0.64	-	-
Range	36.02	4067.8	620	209	0.06	-	-
SD	10.75	1448	224	68	0.024	-	-

Source: *Computed from RBI reports on trend and progress of banking in India: Bracket values indicated that computed Ranks*

It can be seen from above table all the performance ratios of scheduled banks have been progressive from year 2005-06 to 2015-16. Three ratios have ranked first, borrowings ratio has fourth rank and CDR has fifth rank in the year 2015-16. Out of five ratios; Total business ratio has highest range and SD.

Table-5 Non- Scheduled Banks							
YEAR	**Borrowings Ratio**	**Total Business Ratio**	**Investments Ratio**	**Owned Funds Ratio**	**Credit Deposit Ratio**	**Total Score**	**Ultimate Rank**
2001-02	0.48 (6)	62.54 (10)	15.46 (10)	4.25 (10)	0.64 (4)	40	1
2002-03	0.74 (3)	66.56 (9)	15.90 (9)	5.86 (9)	0.67 (1)	31	4
2003-04	0.70 (4)	78.8 (8)	18.13 (8)	7.00 (8)	0.67 (1)	29	5
2004-05	0.03 (10)	87.56 (7)	23.07 (7)	9.25 (7)	0.62 (7)	38	2
2005-06	0.34 (7)	101.6 (6)	29.65 (6)	11.17 (6)	0.60 (10)	35	3
2006-07	1.01 (1)	122.05 (5)	32.41 (5)	12.25 (5)	0.63 (6)	22	6.5
2007-08	0.95	135.12	32.56	12.32	0.65	16	10
2008-09	0.52 (5)	159.26 (3)	40.58 (3)	13.54 (2)	0.64 (4)	17	9
2009-10	0.28 (8)	181.2 (2)	43.50 (2)	12.32 (3)	0.62 (7)	22	6.5
2010-11	0.22 (9)	202.4 (1)	46.82 (1)	13.8 (1)	0.62 (7)	19	8
Mean	0.52	1197	29.81	10.17	0.63	-	-
Range	0.98	139.8	31.36	9.55	0.07	-	-
SD	0.32	48.94	11.49	3.39	0.22	-	-

Source: Computed from RBI reports on trend and progress of banking in India:
Bracket values indicated that computed Ranks

It can be seen from above table all the performance ratios of non-scheduled banks have fluctuate from year 2005-06 to 2015-16. Three ratios have ranked first, borrowings ratio has ninth rank and CDR has seventh rank in the year 2015-16. Out of five ratios; Total business ratio has highest range and SD.

Table-6 Scheduled Banks							
YEAR	**Operating Profit Ratio**	**Net Profit Ratio**	**Return on Deposits Ratio**	**Return on Equity Ratio**	**Return on Borrowings Ratio**	**Total Score**	**Ultimate Rank**
2001-02	0.12 (2)	0.06 (9)	0.005 (9)	0.21 (10)	0.27 (9)	39	2
2002-03	0.13 (1)	0.11 (3)	0.01 (2)	0.41 (6)	0.38 (7)	19	7.5
2003-04	0.11 (5)	0.10 (6)	0.008 (6)	0.38 (8)	0.34 (8)	33	3
2004-05	0.12 (2)	0.14 (1)	0.013 (1)	0.64 (1)	0.79 (1)	6	10
2005-06	0.11 (5)	0.11 (3)	0.01 (2)	0.53 (3)	0.48 (6)	19	7.5
2006-07	0.09 (7)	0.06 (9)	0.005 (9)	0.29 (9)	0.19 (10)	44	1
2007-08	0.09 (7)	0.12 (2)	0.01 (2)	0.52 (4)	0.57 (4)	19	7.5
2008-09	0.08	0.11	0.01	0.56	0.74	19	7.5
2009-10	0.12 (2)	0.07 (7)	0.008 (6)	0.42 (5)	0.55 (5)	25	5
2010-11	0.09 (7)	0.07 (7)	0.007 (8)	0.40 (7)	0.64 (3)	32	4
Mean	0.10	0.09	0.008	0.44	0.45	-	-
Range	0.05	0.08	0.01	0.43	0.79	-	-
SD	0.017	0.03	0.002	3.39	0.25	-	-

Source: *Computed from RBI reports on trend and progress of banking in India: Bracket values indicated that computed Ranks*

It can be seen from above table all the financial ratios of scheduled banks have been fluctuate trend from year 2005-06 to 2015-16. Operating ratio, NP ratio and ROE have ranked seventh, Return on Deposit ratio has eight rank and Return on Borrowings has third.

Table-7 Non- Scheduled Banks							
YEAR	**Operatin g Profit Ratio**	**Net Profit Ratio**	**Return on Deposits Ratio**	**Return on Equity Ratio**	**Return on Borrowi ngs Ratio**	**Total Score**	**Ultimate Rank**
2006-07	0.04 (6)	0.04 (10)	0.001 (10)	0.04 (9)	0.13 (10)	45	1
2007-08	0.04 (6)	0.09 (1)	0.004 (9)	0.10 (8)	0.22 (9)	33	2.5
2008-09	0.06 (3)	0.08 (2)	0.008 (4)	0.19 (3)	0.55 (7)	19	7
2009-10	0.08 (1)	0.06 (6)	0.006 (6)	0.16 (6)	1.08 (5)	24	5
2010-11	0.07 (2)	0.06 (6)	0.006 (6)	0.17 (5)	1.25 (4)	23	6
2011-12	0.05 (5)	0.06 (6)	0.005 (8)	0.16 (6)	0.44 (8)	33	2.5
2012-13	0.04	0.08	0.007	0.002	0.66	29	4
	(6)	(2)	(5)	(10)	(6)		
2013-14	0.06 (3)	0.08 (2)	0.009 (2)	0.25 (1)	1.73 (3)	11	10
2014-15	0.04 (6)	0.06 (6)	0.07 (1)	0.20 (2)	2.95 (2)	17	8
2015-16	0.04 (6)	0.08 (2)	0.009 (2)	0.19 (3)	5.11 (1)	14	9
Mean	0.052	0.06	0.125	0.54	1.41	-	-
Range	0.04	0.09	0.07	0.40	4.98	-	-
SD	0.015	0.03	0.020	1.60	1.54	-	-

Source: *Computed from RBI reports on trend and progress of banking in India: Bracket values indicated that computed Ranks*

It can be seen from above table all the financial ratios of non-scheduled banks have been fluctuate trend from year 2005-06 to 2015-16. NP ratio and ROD have ranked second, Return on Equity ratio has third rank, Operating Profit ratio and Return on Borrowings has first rank in the year 2015-16. Out of five ratios; Return on Borrowings ratio has highest range and SD.

VI. Impact of Information Technology on Bank's Performance - Data Presentation

Table No: 2 Sex of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	48	80.0	80.0	80.0
	FEMALE	12	20.0	20.0	100.0
	Total	60	100.0	100.0	

The table shows that 48 out of the total of 60 respondents were males, representing approximately 80 percent of the entire sample size, while 12 were females, representing approximately 20 percent of the sample size.

Table No: 3 Age group of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30 YEARS	19	31.67	31.67	31.67
	31-40 YEARS	22	36.66	36.66	68.33
	41-50 YEARS	12	20.00	20.00	88.33
	51-60 YEARS	7	11.67	11.67	100.0
	Total	60	100.0	100.0	

From the table no:3, it can be deduced that out of the 60 respondents, 19 were between 21-30 years representing (31.67%), 22 were between the ages of 31-40 years representing (36.66%), 12 were between the ages of 41-50 years representing (20.00%), and 7 were between the ages of 51-60 years representing (11.67%).

Table No: 4 Academic Qualifications of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	0	0.00	0.00	0.00
	High School	3	5.00	5.00	5.00
	Intermediate	5	8.33	8.33	13.33
	Degree	40	66.67	66.67	80.00
	Master Degree	12	20.00	20.00	100.0
	Total	60	100.0	100.0	

The table No; 4 depicts the academic qualification of the respondents, it can be deduced that out of the 60 respondents, 3 of the respondents have high School representing (5%) of the total respondents‟ population, 5 of the respondents have passed intermediate representing (8.33%), 40 of the respondents have Degree representing (66.67%), 12 of the respondents have Master Degree representing (20 %).

Table No: 5 Service delivery of the bank is prompt and efficient

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	46	76.67	76.67	76.67
	AGREE	10	16.67	16.67	93.34
	NEUTRAL	2	3.33	3.33	96.67
	DISAGREE	2	3.33	3.33	100.0
	Total	60	100.0	100.0	

It can be deduced from the table no:5, that out of the 60 respondents, 56 of the respondents agreed that the services delivery of the bank is prompt and efficient representing (93.34%), 2 of the respondents were neutral representing (3.33%), and 2 of the respondent disagree representing (3.33%).

Table No: 6 Motivate workers and customers to support bank.

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	STRONGLY AGREE	41	68.33	68.33	68.33
	AGREE	15	25.00	25.00	93.33
	NEUTRAL	4	6.67	6.67	100.0
	Total	60	100.0	100.0	

The above table indicates that 56 of the respondents agreed that we should motivate our colleagues to support bank representing (93.33%), and 4 of the respondent were neutral representing (6.67%).

Table No: 7 Effectively receive the details of the transaction through E-mail

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	STRONGLY AGREE	30	50.00	50.00	50.00
	AGREE	09	15.00	15.00	65.00
	NEUTRAL	14	23.33	23.33	88.33
	DISAGREE	0	0.0	0.0	0.0
	STRONGLY DISAGREE	0	0.0	0.0	100.0*
	Total	60*	100.0*	100.0*	

*(*11.67 % respondents don't have Mail Id)*

The table show that how the banking transaction details are sent effectively through my E-mail. Out of the 60 respondents, 39 of the respondents agreed that they receive the details of their transaction through e-mail representing (65%), 14 of the respondents were neutral representing (23.3%), and 7 of the respondents representing (11.67 %*) said that they don‟t have email id.

Table No: 8 Savings and withdrawing money is time consuming.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	7	11.67	11.67	11.67
	AGREE	31	51.66	51.66	63.33
	NEUTRAL	11	18.33	18.33	81.66
	DISAGREE	5	8.34	8.34	90.00
	STRONGLY DISAGREE	6	10.0	10.0	100.0
	Total	94	100.0	100.0	

It can be deduced from the above table that out of the 60 respondents, 38 of the respondents agreed that saving and withdrawing money is time consuming with the bank representing (63.3%), 11 of the respondents were neutral representing (18.33%), and 11 of the respondents disagree representing (18.34%).

Table No: 9 Prompt and Efficient service delivery from the bank's ATM services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	32	53.34	53.34	53.34
	AGREE	22	36.66	36.66	90.00
	NEUTRAL	4	6.67	6.67	96.67
	DISAGREE	2	3.33	3.33	100.0
	Total	60	100.0	100.0	

The table No:9 shows how prompt and efficient is the service delivery of the bank's ATM services. It depicts that 54 of the respondents agreed that they enjoy prompt and efficient service delivery from bank‟s ATM representing (90.0%), 4 of the respondents were neutral representing (6.67%), and 2 of the respondents disagree representing (3.33%).

Table No: 10 ICT does not increase prompt and efficient service delivery of the bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
	AGREE	1	1.66	1.66	1.66
	NEUTRAL	4	6.67	6.67	8.33
	DISAGREE	13	21.67	21.67	30.00
	STRONGLY DISAGREE	42	70.00	70.00	100.0
	Total	60	100.0	100.0	

The Table no:10 shows that out of the 60 respondents, only 1 of the respondents agreed that information technology does not increase prompt and efficient service delivery of the bank representing (1.66%), 4 of the respondents were neutral representing (6.67%), and 55 of the respondents disagree representing (91.66%).

Table No: 11 Use of ICT reduces the time during the transactions in the bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	28	46.66	46.66	46.66
	AGREE	17	28.33	28.33	74.99
	NEUTRAL	6	10.00	10.00	84.99
	DISAGREE	5	8.34	8.34	93.33
	STRONGLY DISAGREE	4	6.67	6.67	100.0
	Total	60	100.0	100.0	

From the table no:11 it is deduced that out of the 60 respondents, 45 of the respondents agreed that they spend less minutes/hours in carrying out transactions in the bank with the use of information technology representing (74.99%), 6 of the respondents were neutral representing (10%), and 9 of the respondents disagree representing (15%).

Table No: 12 Introduction of ICT helped bank staffs to work better than pre – ICT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	13	21.66	21.66	21.66
	AGREE	41	68.34	68.34	90.00
	NEUTRAL	4	6.67	6.67	96.67
	DISAGREE	2	3.33	3.33	100.0
	Total	60	100.0	100.0	

Table no:12, shows that out of the 60 respondents, 54 of the respondents agreed that the introduction of information technology has helped bank staffs to work better in a team than before the introduction representing (90%), 4 of the respondents were neutral representing (6.66%), and 2 of the respondents disagree representing (3.33%).

Table No: 13

Bank has provided a better range of banking services since the introduction of ICT.

		Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	42	70.00	70.00	70.00
	AGREE	14	23.33	23.33	93.33
	NEUTRAL	4	6.67	6.67	100.0
	Total	60	100.0	100.0	

The Table no:13 show that how bank has provided a better and wider range of banking services since the introduction of ICT. The table implies that out of the 60 respondents, 56 of the respondents agreed that since the introduction of information technology banks have provided a better and wider range of banking services representing (93.33%), 4 of the respondents were neutral representing (6.67%).

Table No: 14

Introduction of I.T has attracted more customers to the bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	6	10.00	10.00	10.00
	AGREE	34	56.67	56.67	66.67
	NEUTRAL	18	30.00	30.00	96.67
	DISAGREE	2	3.33	3.33	100.0
	Total	60	100.0	100.0	

It can be deduced from table no: 14 that out of the 60 respondents, 40 of the respondents agreed that the introduction of information technology in banks has attracted more customers to the bank representing (66.67%), 18 of the respondents were neutral representing (30%), and 2 of the respondents disagree representing (3.33%).

Table No: 15

E- Banking facilities have reduced banking cost.

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	STRONGLY AGREE	20	33.33	33.33	33.33
	AGREE	22	36.66	36.66	69.99
	NEUTRAL	8	13.33	13.33	83.32
	DISAGREE	5	8.33	8.34	91.66
	STRONGLY DISAGREE	5	8.33	8.34	100.0
	Total	60	100.0	100.0	

From the Table no: 15, it can be deduced that out of the 60 respondents, 42 of the respondents agreed that internet banking has reduced banking cost representing (69.9%), 8 of the respondents were neutral representing (13.3%), and 10 of the respondents disagree representing (16.6%).

Table No: 16 Satisfaction with the bank services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	8	13.34	13.34	13.34
	AGREE	42	70.00	70.00	83.34
	NEUTRAL	10	16.66	16.66	100.0
	Total	60	100.0	100.0	

From the Table 16, it can be deduced that out of the 60 respondents, 50 of the respondents agreed that customers are satisfied with the bank services representing (83.34%), 10 of the respondents were neutral representing (16.66%).

Table No: 17 Introduction of I.T has made the bank profitable

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	STRONGLY AGREE	43	71.66	71.66	71.66
	AGREE	8	13.34	13.34	85.00
	NEUTRAL	9	15.00	15.00	100.0
	Total	60	100.0	100.0	

The Table no: 17 shows that out of the 60 respondents, 51 of the respondents agreed that since the introduction of information technology banks has become more profitable representing (85%), 9 of the respondents were neutral representing (15%).

Table No: 18 ICT have really impacted banks operation positively.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	36	60.00	60.00	60.0
	AGREE	18	30.00	30.00	90.0
	NEUTRAL	6	10.00	10.00	100.0
	Total	94	100.0	100.0	

The Table No 18 indicates that how Information and communication technology has helped the impact of banks operation positively. It is deduced that out of the 60 respondents, 54 of the respondents agreed that information and communication technology had really impacted banks operation positively representing (90%), 6 of the respondent were neutral representing (10%), and none of the respondents disagreed.

Table No: 19 ICT did not impact banks performance.

Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
NEUTRAL	4	6.67	6.67	6.67
DISAGREE	14	23.33	23.33	30.00
STRONGLY DISAGREE	42	70.00	70.00	100.0
Total	60	100.0	100.0	

The Table 19 indicates that the information and communication technology didn"t create an impact on banks performance, the table shows that 42 respondents out of the 60 strongly disagreed, 14 of the respondents disagreed that information technology do not impact banks operation representing (30%), 4 of the respondents were neutral representing (6.67%), and none of the respondents agree the statement representing.

Table No: 20

DETAILED STATISTICS OF BANK OFFICIALS

AND CUSTOMERS USING MEAN AND STANDARD DEVIATION

	N	Min.	Maxi.	Mean	Std. Deviation
We enjoy prompt and efficient service delivery by banks.	60	1.00	4.00	1.3333	0.7051
We should encourage our colleagues to patronize banks.	60	1.00	3.00	1.3833	0.6132
We effectively receive the details of my transaction through E-mail.	60	1.00	5.00	1.5	0.9829
Savings and withdrawing money is time consuming with the bank.	60	1.00	5.00	2.5333	1.1270
We enjoy prompt and efficient service delivery from the bank's ATM services.	60	1.00	4.00	1.6	0.7635
ICT does not increase prompt and efficient service delivery of the bank.	60	1.00	4.00	3.6	0.6937
I spend less minutes/hours in carrying out transactions in the bank my with the use of ICT	60	1.00	5.00	2.0	1.2350
Introduction of I.T has helped bank staffs to work better in a team than before the introduction of I.T.	60	1.00	4.00	1.9166	0.6455
The bank has since provided a better and wider range of banking services since the introduction of I.T.	60	1.00	4.00	1.3666	0.60141
The introduction of I.T in this bank has since attracted more customers to the bank.	60	1.00	4.00	2.266	0.6856
E- Banking facilities has reduced banking cost.	60	1.00	5.00	2.133	1.3777
I do think customers are satisfied with the bank services.	60	1.00	3.00	2.033	0.5430
Since the introduction of I.T, this bank has become more profitable.	60	1.00	3.00	1.4333	0.7456
Information and communication technology have really helped impacted	60	1.00	3.00	1.5	0.6764

banks Operation positively.					
ICT has impacted banks operation.	60	1.00	3.00	2.6333	0.6098
Valid N (list wise)	60				

Chapter V

Findings and Suggestions

5.1 Findings

1. It appears from the table 3.27 that the paid up capital accounted 1.06% of the TUCB in the year 2008-09. It indicated that was a paid up capital position of the TUCB increased from 1.06% to 1.16% that is good for the TUCB of the year 2010-11.

2. It seen from the table 3.27 that the Reserve funds accounted 1.03% of the TUCB in the year 2008-09. It indicated that was a Reserve funds position of the TUCB increased from 1.03% to 1.10% that is good for the TUCB of the year 2010-11.

3. It disclosed from the table 3.27 that an Investment accounted 1.05% of the TUCB in the year 2008-09. It indicated that was an Investment position of the TUCB increased from 1.05% to 1.31% that is good for future of the TUCB of the year 2010-11.

4. It reveals from the table 3.27 that an Issued loan accounted 1.05% of the TUCB in the year 2008-09. It indicated that was an Issued loan position of the TUCB increased from 1.05% to 1.14% that is good for future of the TUCB of the year 2010-11.

5. It reveals from the table 3.27 that the Deposits accounted 1.05% of the TUCB in the year 2008-09. It indicated that was a Deposits position of the TUCB increased from 1.05% to 1.23% that is good for future of the TUCB of the year 2010-11.

6. It observed from table 3.27 that the Non Performing Assets accounted 1.67% of the TUCB in the year 2008-09. It shows that was growing the position from 1.67% to 4.30% the Non Performing Assets of the TUCB in the end of year 2010-11.

7. It appears from the table 3.27 that the Reserve for Bad Debts accounted 0.89% of the TUCB in the year 2008-09. It indicated that was Reserve for Bad Debts position of the TUCB increased from 0.89% to 1.19% that is not good for the TUCB of the year 2012-13.

8. It seen from the table 3.27 that the Priority Debts accounted 1.03% of the TUCB in the year 2008-09. It indicated that was a Reserve funds position of the TUCB increased from 1.03% to 1.59% that is not good for the TUCB of the year 2010-11.

9. It disclosed from the table 3.27 that Working Capital accounted 1.04% of the TUCB in the year 2008-09. It indicated that was an Investment position of the TUCB increased from 1.04% to 1.20% that is good for future of the TUCB of the year 2010-11.

10. It reveals from the table 3.27 that the Net Profit accounted 0.47% of the TUCB in the year 2008-09. It indicated that was a Net Profit position of the TUCB increased from 0.47% to 0.71% that is better for future of the TUCB of the year 2010-11.

11. It observed from table 3.27 that the Interest on Deposits accounted 1.02% of the TUCB in the year 2008-09. It shows that was growing the position from 1.02% to 1.41% the Interest on Deposits of the TUCB in the end of year 2010-11.

12. It appears from the table 3.27 that the Interest on loan accounted 1.22% of the TUCB in the year 2008-09. It indicated that was Interest on Loan position of the TUCB slight decline from 1.22% to 1.19% that is not good for the TUCB of the year 2010-11.

13. It seen from the table 3.27 that the Income on Investment accounted 1.12% of the TUCB in the year 2008-09. It indicated that was an Income on Investment position of the TUCB increased from 1.12% to 1.78% that is good for the TUCB of the year 2010-11.

14. It disclosed from the table 3.27 that Other Income accounted 0.75% of the TUCB in the year 2008-09. It indicated that was an Other Income position of the TUCB increased from 0.75% to 2.27% that is good for future of the TUCB of the year 2010-11.

15. It observed from table 3.27 that the Per Employee Income accounted 1.12% of the TUCB in the year 2008-09. It shows that was growing the position of Employee from 1.12% to 1.16% the Per Employee Income of the TUCB in the end of year 2010-11.

16. It reveals from the table 3.27 that the Capital adequacy accounted 16.30% of the TUCB in the year 2008-09. It indicated that was a Capital adequacy position of the TUCB Decline from 16.30% to 12.76% that is not better for future of the TUCB of the year 2010-11.

5.2 Suggestions:

Co-operative banks have been playing a crucial role in financing rural as well as urban clients for their ventures. They also are instrumental in mobilizing deposits, transfer of money and serving the people in number of ways. Urban cooperative banks have a special role to play in urban areas for supporting entrepreneurs, businessmen and other needy people by way of providing various financial services.

The following observations and suggestions are summarized as under:

1. The major observation of the study is that the co-operatives in the state of Maharashtra during last five years have grown remarkably. The number of societies stood at 2, 05,553 in 2007-08, and increased to 2, 44,306 in 2010-11. The growth in number of co-operatives was 2.39% to 11.90 % respectively during the five years period. Working capital shown progress in amount as it was Rs. 2,05,110 crores in 2007-08, increased put Rs. 2,44,834 crores in 2010-11, but growth percentage showed decreased 1.44% to -0.56% respectively during over the previous year. Net advanced by co-operatives showed little progress Rs. 88,166 crores 2007-08 increased Rs. 1,00,681 crores in 2010-11, there was positive growth 6.93% in 2007-08, increased 28.76% in 2010-11. Number of cooperatives in profit increased from 62,147 in 2007-08 to increase Rs. 70,363 crores in 2010-11, amount of profit was Rs. 2,135 crores in 2007-08 increased put Rs. 3,661 crores in 2010-11, shows positive progress 0.42% to 3.44%. Number of societies in loss increased from 55,257 in 2007-08 to increase 59,636 in 2010-11, percentage of societies in loss decreased by 7.14% in 2006-07 to -0.97 % in 2010-11. However the amount of loss increased from Rs. 4,051 crores in 2007-08 to Rs. 4,526 crores in 2010-11, but the percentage increased from 20.53% in 2007-08 to 26.81 % in 2010-11, shows a good sign (table 1.3).

   In this regard, Urban Cooperative banks in the state of Maharashtra playing major role in urban as well as rural also. UCB performance of the last five year No. of societies, No. of Member, Share capital, deposits, Working capital, loan & advances and profit also increasing year by year.

2. It was seen that the share capital and Reserve funds accounted combined18.66% and 23.58% of the aggregate funds of the bank in the year 2009-10 and 2010-11 respectively.

The net growth of share capital and Reserve fund combined was 4.92% in the previous year (table 3.1).

It should be noted that the bulk of the contribution to share capital and Reserve fund is made by the member institutions.

3. The data analysis revealed that the long term liability of TUCB accounted 13.77% and 22.75% of the aggregate funds in the year 2009-10 and 2010-11 respectively. The net growth of long term liability was 8.98% in the five year study of bank in the preceding year (table 3.1).

   The growth in long term liabilities of the indicates that the bank is expanding its business operations with the increased funds

4. During five year of the study the combination of current liability accounted 23.42% in the year 2009-10 and 21.72% in the year 2010-11.The decreased percentage growth of current liability was 1.70% in the year of five year study period (table 3.1).

   The current liability growth rate is not that much of satisfactory but bank should decrease this growth rate also. The Fixed assets the TUCB accounted 20.18% of total assets in the year 2008-09 and 14.07% in the year 2010-11. The decrease in assets can be attributed to restructuring of the bank assets (table 3.2).

   It is suggested that the bank should improve the asset position of the bank.

5. During five year of the study the combination of current asset accounted 14.52% in the year 2008-09 of the year to year growth and 18.43% in the year 2010-11.The increased percentage growth was 3.91% in the study of the period (table 3.2).

   The growth of the current asset position of the TUCB it is satisfactory, but it is suggested that the bank should take proper care of the bank's Assets.

6. The Capital Adequacy of the five year study indicated decreasing growth trend. Capital adequacy Ratio accounted 16.30% to 12.76% during the year 2008-09 to 2010-11. The decreased growth of the capital adequacy was 3.54% in the last year (table 3.5).

   The rate of the capital adequacy it is not satisfactory, so it may be suggested that bank should improve the position of capital adequacy by issuing additional equity capital.

7. One of the major observations of the study is that Current Deposits, savings deposits and term deposits had shown positive growth over the period of five years. However, the growth in deposits was not satisfactory. Current deposits grew between 0.66-4.98%.(table 3.6).

   In this regard, it may be suggested that the bank should encourage tradesmen and businessmen to open current accounts with the bank.

8. The saving Deposits accounted 23.07% of the total fund in the year 2008-09 and 22.08% in the year 2010-11. The decreased percentage growth was 0.99% in the last year (table 3.6).

   It is focused that saving deposit it is not satisfactory, but bank should focus on how to increase the saving deposit of the bank. The discloser of the study is that the Fixed Deposits was accounted 72.61% of the total fund in the year 2008-09 and 72.94% in the year 2010-11. The increased percentage growth was 0.33% in the five year study period (table 3.6).

   It is observed that fixed deposit of the bank is not that much of better that purpose bank should take proper care of the fixed asset of the bank.

10. It was appeared that the current ratio accounted 1.59 to 1.46 times of TUCB was below the norm i.e. 2:1 in the year of 2008-09 to 2010-11. It indicates that short term liquidity position of the bank is not satisfactory as if does not have adequate current assets to pay of the debts (table 3.8).

    With regard to the short term liquidity of TUCB it is suggested that the bank should take proper care of current asset management and liquidity position is maintained at satisfactory level

11. The working capital ratio indicated increasing growth trend of working capital accounted 1.04% to 1.20% of TUCB in the year of 2008-09 to 2010-11 respectively.(Table 3.9)

    It could be understood that the bank is able to mobilize working capital more than 1.2 times of the average working capital of the TUCB.

12. During five years of the study the composition of the fixed asset to proprietary funds

position increasing growth trend of accounted 2.24 to 2.82 times of TUCB in the year of 2008-09 to 2010-11. In this five year study fixed asset to proprietary fund increase 0.58 (table 3.10).

It can be concluded that the assets of the TUCB bank is sufficient to cover its liabilities.

13. It was seen that the debt equity ratio growth trends accounted 3.42 in the year 2008-09 and 4.47 in the year 2010-11. The norm of debts equity ratio i.e. 1:1. It indicates that short term liquidity position of the bank is not satisfactory as if does not have adequate position to pay of the debts in the year 2010-11(table 3.11). It is observed that the position of the debt equity ratio of the bank is not satisfactory. It is suggested that the bank should decrease the growth of debts equity ratio position of the bank.

15. It was disclosed that the fixed asset to current asset ratio indicated decreasing growth trend of assets accounted 2.32 to 1.86 of TUCB during the year of 2008-09 to 2013 respectively (table 3.12).

 In this regard, it is suggested that the bank should find out the ways and means to increase the share of the fixed asset and current asset of the unit.

16. The working capital to net worth accounted 0.35 of TUCB in the year of 2008-09 and 0.48 in the year 2010-11. It indicates that short term liquidity position of the bank is less contribution of the unit in the year 2010-11 (table 3.13).

 The working capital position of the bank is satisfactory. It is suggested that the bank should take proper care of the working capital.

17. One of the major observations of the study solvency ratio accounted 0.79 of TUCB in the year of 2008-09 and 0.79 in the year 2010-11. It indicates that solvency position of the bank equal (i.e. 0.79 to 0.79) to during five year 2008-09 to 2010-11 (table 3.14).

 It is suggested that the bank should find out the ways and means to increase the share of the asset as compared to the liability that is better for the bank.

18. The earnings per share Rs. 7 in the year 2008-09 and 7 in the year 2010-11. In this five year study period bank not improve his position of the bank was an equal (table 3.16).

In this observation, it is suggested that the bank should find out the causes behind that and that causes convert in to earning and improve the share of bank.

19. With regard to the Profitability position of the unit under the study. It was observed that profitability position by 2.50% in the year 2008-09 and 1.80% in the year 2010-11. The indicated that the profitability position decreasing 0.70% (table 3.18). In this regard, bank should take proper care of the profitability position of the bank. It is suggested bank should extend the loan facility to the customers.

20. One of the major observations of the study is that Non-Performing Asset position of the unit indicated the high growth by 1.67% to 4.30% of the TUCB in the year of 2008-09 to 2010-11 respectively (table 3.19).

    As per observation, the position of the Non-performing asset it is not satisfactory. It is suggested that the bank should take proper care of the assets of the TUCB and reduce NPAs.

21. The Price Earnings position of the unit under study had shown growth by Rs. 3.57 in the year 2008-09 and Rs 3.57 in the year 2010-11. In this five year period of the study price earning position of the TUCB was equal (table 3.20).

    It may be suggested that the bank should find out the ways to increase the share of Price earning position substantially in order to strengthen the financial position of the bank.

22. The Dividend Yield position during five years of the study it was 40% in the year of 2008-09 and 48% in the year o 2010-11. In this five year period dividend yield position increasing 8% (table 3.21).

    In place of distributing dividends, it is suggested that the bank should reinvest profits to strengthen working capital position.

23. The Dividend Payout position was1.43 in the year 2008-09 and 1.71 in the year 2010-11. In this five year period dividend payout position increased was 0.28 (table 3.22). It is should be suggested that the TUCB shows a satisfactory growth rate.

24. Interest on Deposits was in the year 2008-09 is Rs 2539.86 lakhs and in the year 2012-13 is Rs 4650.12 lakhs. There is increasing Rs. 2110.26 lakhs and percentage is 83.09%. It is not good sign of capital growth. The interest on deposits showed an increasing trend during last year (table 3.23).

In this observation, interest on deposit of the bank it should focus on decreasing the interest on deposit.

25. Interest on Loan was in the year 2008-09 is Rs 3165.66 lakhs and in the year 2010-11 is Rs 5012.27 lakhs. There is increasing Rs. 1846.61 lakhs and percentage is 58.33%. It is good sign of capital growth. The interest on loan showed an increasing trend during last year (table 3.24). Although the rate of in interest on deposit has increased, the bank should try to obtain more funds through acceptance of deposits.

26. Interest on Investment was in the year 2008-09 is Rs 1312.22 lakhs and in the year 2012-13 is Rs 2469.85 lakhs. There is increasing Rs. 1157.63 lakhs and percentage is 88.22%. It is good sign of capital growth. The interest on Investment showed an increasing trend during last year (table 3.25). The growth of investment of TUCB bank is satisfactory. However good investment opportunities can be explored for gainful investment considering calculating risk factors**.**

27. Net profit was in the year 2008-09 is Rs 297.49 lakhs and in the year 2010-11 is Rs 493.34 lakhs. There is increasing Rs. 195.85 lakhs and percentage is 65.83%. It is good sign of capital growth. The net profit showed an increasing trend during last year (table 3.26). Net Profit of the TUCB shows a satisfactory growth rate. It is suggested that the Bank should try to keep the same trend in future.

28. Paid up share capital was in the year 2008-09 to 2010-11 there is increasing Rs 1801.53 lakhs from 1100.06 lakhs. The share capital of bank shown an increasing Rs 701.47 lakhs and percentage is 63.77%. It is good sign of capital growth. The share of the bank had shown an increasing trend during the last year (table 3.27). Share capital is the foundation of financial structure of the bank. Therefore it is suggested that bank should try strengthen the equity base.

29. Reserve fund was in the year 2008-09 is Rs 9088.29 lakhs and in the year 2010-11 is Rs 12196.41 lakhs. There is increasing Rs. 3108.12 lakhs and percentage is 34.20%. It is good sign of capital growth. The reserve fund showed an increasing trend during last year (table 3.27).

Reserve fund also contribute the net worth of the bank and therefore it is suggested that the bank should add to for reserve fund to meet the need of capital.

30. The Deposits was in the year 2008-09 is Rs 35858.77 lakhs and in the year 2010-11 is Rs 64852.57 lakhs. There is increasing Rs. 28999.80 lakhs and percentage is 80.86%. It is good sign of capital growth. The Issued loan showed an increasing trend during previous year (table 3.27).

In this regard, it may be suggested that the bank should find out the ways and means to increase the share of deposits substantially in order to strengthen the financial position of the bank.

31. It was observed that the Reserve for Bad Debts was shown growth by the 0.30% of the unit in the year 2007-08. It indicated that was Reserve for Bad Debts position of the unit was not good for the bank (Table 3.27). Ii is suggested that the bank should find out the ways to reduce bad debts in order to improve financial position of the bank.

32. During five years of the study that was Priority Debts had shown growth by 0.56% in over the previous year i.e. 2007-08. The priority Debts of the unit had less contribution of the total income of the bank (table 3.27). It can be concluding that there is need to concentrate on priority sector while formulating credit policy of TUCB.

33. It was disclosed that Other Income of the unit under study had shown growth by 1.52% in over the preceding year i.e. 2007-08. The income from other sources of the bank hadless contribution in the total income of the bank (table 3.27). In this regard, it may be suggested that the bank should find out the ways and means to increase the share of other income substantially in order to strengthen the

financial position of the bank.

34. It was observed that the Per Employee Income of the unit under study had shown a very meager growth by 0.04% in over the previous year i.e. 2007-08. The per employee income of the bank was not satisfactory (table 3.27).

It may be suggested that the bank should find out the ways to increase the income of per employee in order to strengthen the financial position of the bank.

Bibliography

1. **Upendra Rai (2011)**:-"Banking Awareness", Arihant publications (India) Limited, ISBN-978-81-8348-908-9.

2. **Dr.K.V.S.N, Jawahar Babu, B.Muniraja Selkhar,(2012)**:-" The Emerging Urban Co- Operative Banks (Ucbs) In India", IOSR Journal of Business and Management (IOSRJBM)ISSN: 2278-487X Volume 2, Issue 5 (July-Aug. 2012), PP 01-05.

3. www.rbi.org.in

4. **B. D. Patil (2013): "**Growth and Progress of Co-Operative Movement In Maharashtra", Online International Interdisciplinary Research Journal, ISSN2249-9598, Volume-III, Issue-VI, Nov-Dec2013.

5. **Dr.S.N. Maheshwari (2009):-**"Financial Management", Sultan chand & sons Education Publication/publisher New Delhi.

7. **Reddy, Appannaiah, Satyaprasad (2007):-** "Financial Management", Himalaya Publication House.

8. **Kulkarni P.V and Satyaprasad (2009):-** "Financial Management", Himalaya Publishing House, Ramdoor, Dr. Bhalerao Marg, Girgaon, Mumbai-400 004.

9. **Dr. Vijay Upagade , Dr Arvind Shende (2013)**:-"Research Methodology", S. Chand & Company Pvt. Ltd. Ram Nagar, New Delhi-110055.

10. **Dr. Pradip Agalave (2010);-"**Social Research", Shri Sai Publication, 1 Bhagwaghar, Complex, Dharampeth, Nagpur.

11. Dr. A. K. Phophalia:- " Modern Research Methodology", Paradise Publications Jaipur.

12. **Dr. N.S.S. Nehru (2012):-** "Research Methodology", APH Publications corporation Ansari Road, Dary Gans- New Delhi.

13. **Dr. A. K. Singhal**:-"A text Book of Accounting for managers for management students", JBC publications & distribution New Delhi-11022.

14. **Agale Sudhir Vasantrao (2012):- "**Progress of District Central Cooperative Banks in Maharashtra", International Referred Research Journal, February, 2012. ISSN-0975-3486, RNI-RAJBIL 2009/30097; VoL.III ISSUE-29.

15. **D.A. Divekar (2013)**:- Banking System UCBs in Pune, Journal of Co- operative management, Vol.No.48 No.1 ISSN No.0302-7767.

16. **V. Alagu Pandian and R.K. Sharma (2013):-"VSRD** International Journal of Business and Management Research", Vol. III Issue IX, ISSN: 2231-248X, p-ISSN: 2319-2194 VSRD International Journals.

17. **Jayashree R. Kotnal, DR. L. C. Mulguand (2013)**:- CASE STUDY OF SHREE SIDDESHWAR CO-OPERATIVE BANK, BIJAPUR, and Asian Journal of Multidimensional Research Vol.2 Issue 3, March 2013, ISSN 2278-4853.

18. **Ms. Shachi Pareek (2012):-"**Urban Co-operative Banks in Jaipur District International Indexed & Referred Research Journal", June, 2012. ISSN- 0975-3486, RNI- RAJBIL 2009/30097.

18. **Dr. Padmaja, B., Dr. BhanuKiran, C. and Dr. Rama Prasada Rao, C. H (2013).**"Financial Performance of Anantapur Urban Cooperative Bank, International Journal of Current Research", Vol. 5, Issue, 06.

19. **Subrahmanya Bhat. K. M/ Dr.I Bhanu Murthy(2012):-"** Financial Performance of "The Goa State Co-operative Bank Ltd", Indian Journal of Research, Volume: 1 | Issue: 9 | September 2012 ISSN - 2250-1991.

20. Dr. M. Nallusamy (2012):-"Financial Performance Of The Salem District Central Co-Operative Bank", Volume: 1 | Issue: 9 | September 2012 ISSN - 2250-1991**.**

21. Ms Geeta Sharma and Dr Ganesh Kawadia (2011):-"Indian Urban Cooperative Banking Sector for Better Survival", Volume: 1 | Issue: 9 | September 2011 ISSN - 2250-1991**.**

22. **VIDYA PITRE (2003):-** "Urban Cooperative Banks: Issues and Prospects", Economic and Political Weekly April 12, 2003, Volume: 3 | Issue: 8 | Aug 2013 |

ISSN - 2249-555X.

23. **Heiko Hesse and Martin Čihák (2007):-“**Cooperative Banks and Financial Stability”, 2007 International Monetary Fund WP/07/2.

24. **Narayana Gowd Talla, Anand Bethapudi and Reddeppa Reddy G(2009):-** “Analytical Study on Financial Performance UCB”, VOLUME NO.2, ISSUE NO.8, ISSN 2277-1166.

25. **DR. SEEMA SANT*; DR P.T CHAUDHARI (2012);-** “A study of the profitability of urban cooperative banks” zenith international journal of multidisciplinary research vol.2 issue 5, may 2012, Issn 2231 5780.

26. **Dr. Sandip K. Bhatt, Dharmendra P. Patel (2013):- “**ROLE OF URBAN CO-OPERATIVE BANKS IN SUSTAINABLE DEVELOPMENT OF INDIA”, VOLUME: 1/ISSUE: 4/ JULY 2013/ ISSN 2320 – 7620.

27. **Dr R.Renuka and C.Elamathi (2013):-** “Development of Cooperative Banking in India”, Volume: 3 | Issue: 8 | Aug 2013 | ISSN - 2249-555X.

28. **N. Babitha Thimmaiah1, Jnaneshwar Pai Maroor2 and Shainy V.P (2013):- “**Global Journal of Management and Business Studies.ISSN 2248-9878 Volume 3, Number 3 (2013).

29. **Jyoti Gupta, Suman Jain (2012):- “** study on Cooperative Banks in India with special reference to Lending Practices”, International Journal of Scientific and Research Publications, Volume 2, Issue 10, October 2012 1 ISSN 2250-3153.

30. **Dr. R. G. Rasal (2011)**:- “Performance of District Central Cooperative Banks During Post-reform period with special reference to Ahmednagar District Central Cooperative Bank”, Indian Streams Research JournalVol - I, ISSUE - V [July 2011]: Economic ISSN:-2230-7850.

31. **SANJAY KANTI DAS (2012):-“**Operational and Financial Performance Analysis Of meghalaya Cooperative Apex Bank**”,** Volume 2, Issue 3 (March, 2012) ISSN 2231-4288.

32. **(Dr) E. Gnanasekaran, Dr. M. Anbalgan, N. Abdul Nazar,(2012):-"** A study on the Urban Cooperative Banks Success and growth in Vellore District – Statistical Analysis", International Journal of Advanced Research, Volume 2, Issue 3, March 2012 ISSN: 2277 128X.

33. **Mr. Durgesh Ashok Badhe (2011):-"**Role of Urban Co-operative Banks in Sustainable Development of India", Research Student, Department of Economics, Solapur University, Solapur.

34. **Dr. Purushottam Vishnu Deshmukh,(2013):-"**The Performance of Cooperative Banking in India", Volume : 3 | Issue : 5 | May 2013 | ISSN - 2249-555X.

35. **B Munirajasekhar and B Sudheer,(2013**):-"Core Banking Solutions in Urban Cooperative Banks- Issues and Challenges", B Munirajasekhar et al./ Elixir Fin. Mgmt. 55 (2013) 12820-12824.

36. **Dr.K.V.S.N, Jawahar Babu, B.Muniraja Selkhar,(2012**):-" The Emerging Urban Co-Operative Banks (Ucbs) In India", IOSR Journal of Business and Management (IOSRJBM)ISSN: 2278-487X Volume 2, Issue 5 (July-Aug. 2012), PP 01-05.

37. Narayana Gowd Talla, Anand Bethapudi, and Reddeppa Reddy G.(2011):- "An Analytical Study On Financial Performance Of Dharmavaram Urban Cooperative Bank, A.P, and India", Abhinav National Monthly Refereed Journal Of Research In Commerce & Management, VOLUME NO.2, and ISSUE NO.8 ISSN 2277- 1166**.**

38. **Gaurav Kumar Gupta and Sanjeev Gupta (2013):- "**Financial performance of Urban Cooperative Bank (UCB) in Lakhimpur Kheri district of U.P." International Journal of Commerce and Business Management, Volume 6 | Issue 1 | April, 2013 | 134-137.

39. **DR. VILAS BHIKAJI KHANDARE (2012**):-"Some Issues In Customers Services of Urban Cooperative Banks: A Case Study of Beed District" International Journal of Social Science & Interdisciplinary Research, Vol.1 Issue 10, October 2012, ISSN 2277 3630.

40. **K. Ravichandran,V. Alagu Pandian,(2013):-** "An Economic Analysis Of Visvesvarya Urban Cooperative Bank", International Journal of Management and Social Sciences Research (IJMSSR) ISSN: 2319-4421 Volume 2, No. 1, January 2013.

41. **Ramesh Chander, Jai Kishan Chandel (2010):-** "Financial Viability and Performance Evaluation of Co-Operative Credit Institutions in Haryana (India)", International Journal of Computing and Business Research (IJCBR) Volume 1, N. 1 December – 2010.

42. **S. Thyagarajan (2009): -"**Women's Co-Operative Bank Promoting and Practicing Financial Inclusion of Rural Poor Women", Member of Faculty, College of Agricultural Banking, Reserve Bank of India, Pune 411016.

43. **Padmini E.V.K (1997):-"**Funds Management of District Co-Operative Banks In Kerala", Cochln University f Science and Technology Cach I N - 682 022, KERALA 1997

44. **Dr.K.V.S.N Jawahar Babu (2012**):-"Performance Evaluation of Urban Cooperative Banks In India", IOSR Journal of Business and Management (IOSRJBM) ISSN: 2278-487X Volume 1, Issue 5 (July-Aug. 2012.

45. **Dr. S. Mayilvaganan, E. Soundararajan, (2013):-** "Urban Co-Operative Banks in India – an Overview", Volume: 2 | Issue: 8 | Aug 2013 ISSN - 2250-1991.

46. **Alok Goyal and Harvinder Kaur (2011):-** "Performance evaluation of urban cooperative banks in India", Alok Goyal et al Elixir Mgmt. Arts 31 (2011) 1966-1973, ISSN.2229-712X.

47. **Deshmukh Jagdish and Somalkar Prakash (2010):-** "Urban Co- Operative Banks – Past, Present & Future Scenario", Abhinav national monthly refereed journal of research in commerce & management, VOLUME NO.2, ISSUE NO.1 ISSN 2277-1166.

48. **Dr. R. B. Teli (2005):** Performance evaluation of urban co-operative bank in

Kolhapur district", The Maharashtra Co-operative Quarterly, sept-kjune-2000.

49. **Dr. B. S. Gite (2005):** "Performance evaluation of Mahila Urban Co- operative Banks in Parbhani District".

50. **Miss Banishree Das and Nirod Kumar palai (2006):**" Problem and prospects of the co-operative movement in India under the globalization regime". Paper presented in IXV international economy history congress, Hel-Sinki (2006 Session 72.

51. **B. D. Patil (2013): "**Growth and Progress of Co-Operative Movement In Maharashtra", Online International Interdisciplinary Research Journal, {Bi-Monthly}, ISSN2249-9598, Volume-III, Issue-VI, Nov-Dec2013.

52. **Rai Upendra (2011**):-"Banking Awareness", Arihant publications (India) Limited, ISBN-978-81-8348-908-9, page no. 102-114.

53. **Roy Partho Partim (2001):** Management of Urban Co-operative Banks, Himalaya Publishing house, Mumbai.

54. **Mr. Katkade Maruti Baburao (2010**): "An Evaluation study of financial performance and non Performing Asset of Urban Co-operative banks in Beed District", December -2010.

55. **Ratnaparkhe Santosh Dattatray (2011):** "A Study on Financial Performance Appraisal of loans & Advances of Bombay Mercantile Co-operative Banks Ltd. Aurangabad.

56. **Aghav M.P. (2009):** "An evaluatory study of financial management of district central co-operative banks in Marathwada (1997-2007).

57. Five Year Annual report 2008-09 to 2012-13 of the Devgiri Urban Co-operative Bank Ltd Aurangabad.

Abbreviation:-

RBI	:	Reserve Bank of India
UCB	:	Urban Co-operative Banks
DCCBs	:	District Central Co-operative Banks
SCB	:	State Co-operative Banks
CCB	:	Central Co-operative Banks.
NABARD	:	National Bank for Agricultural and Rural Development
PACBS	:	Primary Agricultural Credit Banks
CRR	:	Cash Reserve Ratio
SLR	:	Statutory Liquidity Ratio
HP	:	House Power
MT	:	Medium Term
ST	:	Short Term
LT	:	Long Term
MBD	:	Meeting of Board of Director
MLC	:	Meeting of Loan Committee
MLRC	:	Meeting of Loan Recovery Committee
MEC	:	Meeting of Employee Committee
MAIC	:	Meeting of Audit and Inspection Committee
MPC	:	Meeting of Purchase Committee
MIC	:	Meeting of Investment Committee
MALC	:	Meeting of Asset and Liability Committee
MSAC	:	Meeting of Settlement Committee

FD	:	Fixed Deposits
SD	:	Saving Deposits
CD	:	Current Deposits
FA	:	Fixed Asset
CA	:	Current Asset
FL	:	Fixed Liability
CL	:	Current Liability
SC	:	Share Capital
LTL	:	Long term Liability
RF&S	:	Reserve Fund & Surplus
CCO	:	Cash Credit Overdraft
RF	:	Reserve Fund
Div	:	Dividend
EWF	:	Employee Welfare Fund
MWF	:	Member Welfare Fund
BF	:	Building Fund
CF	:	Charity Fund
DAF	:	Deferred Asset Fund
AIF	:	Ascending of Invent Fund
CRAR	:	Capital Adequacy Ratio
TUCB	:	Tasgaon Urban Cooperative Bank
TUCBT	:	Tasgaon Urban Cooperative Bank, Tasgaon