



---

---

## FINANCIAL STATUS OF SELECTED COOPERATIVE BANKS IN PARBHANI DISTRICT: AN ANALYTICAL STUDY

**Prof. (Dr.) Shridhar G. Bhombe**

**Department of Commerce, DSM's Arts, Commerce & Science College,  
Jintur, Dist. Parbhani (MS).**

### ABSTRACT

*The co-operative sector has made significant contributions in various sectors of the national economy in the last few years and has grown tremendously. Co-operative banks play an important role in the Indian economy. These banks also play a major role in the banking and financial system of India. The role of co-operative banks in rural and urban areas has increased tremendously nowadays as primary co-operative societies have grown and their main role in financing both rural and urban areas is increasing day by day. However, there is a weakness in protecting the interests of the members and in fulfilling the objectives for which these organizations were organized. With the exception of a few successful co-operative societies, the co-operative movement in India has failed to transform the rural economy.*



**KEYWORDS:** *Cooperative Bank, Government.*

### INTRODUCTION

The banking sector performs three primary functions of the economy, operating the payment system, consolidating savings and saving on investment products. The banking industry has changed since the reform process. To capitalize and simplify the growth process of any economy, the key factor is savings and investment. A well-developed banking system is a prerequisite for the economic growth of the modern economy as commercial banks act as a catalyst to prevent savings and convert their capital into productive investments. Commercial banks play an invaluable role in converting potential investments into real investments and can make significant contributions to reducing inter-regional and inter-regional disparities through poverty, unemployment and rapid expansion of banking services.

A bank is a financial institution where customers can save money or take loans. Banks invest money to keep money. What they do is governed by law. These laws vary from country to country. People who work in a bank are called bank employees. Some banks deal directly with the people and only deal with such ordinary people. Other banks handle investments and international currency trading. The customer's money can be kept in the bank for safe keeping. Banks can then lend to customers through interest-bearing refunds. An example is mortgaging to buy a house or apartment. Money received from banks to raise more money can be used to invest in business. In most countries, banks are governed by law. The central bank adjusts how much is paid at a given time. It is a component

of the country's economy and the government commits major frauds. These "issuing banks" take and issue coins and notes.

A co-operative bank is a financial institution consisting of its members, who are both owners and customers of their bank. Co-operative banks are often formed by individuals from the same local or business community or with similar interests. Co-operative banks generally offer a wide range of banking and financial services (loans, deposits, banking accounts) to their members.

### REVIEW OF LITERATURE:

**Sharma and Kawadia (2005)** studied civic co-operative banks in Maharashtra. The authors emphasize in their study that the co-operative banking sector in India has faced many difficulties in recent years and this has led to a significant reduction in voluntary and managed bank mergers by the Reserve Bank of India. Major legislative and regulatory changes raise many important questions in this area, and the question of bank efficiency becomes even more important as inefficient banks do not last long. Performing through continuous improvement and education is essential for survival and success in a competitive market. Against this background, the study analyzes the efficiency and effectiveness of civic co-operative banks in Maharashtra, uses data implementation analysis and helps to determine their efficiency among competing banks. The author seeks to identify and examine the relationship between the size and functionality of UCB. However, the scope of functionality is limited to technical functionality only.

The **Saha Amrita (2010)** study on urban co-operative banks concludes that civic co-operative banks, which cater to the needs of the weaker sections of the urban population, are a powerful tool for financial empowerment and financial inclusion. Citizen Co-operative Banking is based on a dual model of banking and co-operatives. The area of operation, the nature of the operation, despite the enormous abundance in the property; UCB has enormous potential to deal with outpatients who easily withhold credit locally. It is based on UCB's first-hand qualitative and quantitative data, bank secondary data from the RBI offsite monitoring system, bank balance sheets and RBI inspection reports.

**Chakravarti S. and Rakshit D. (2014)** in his study 'Rural Co-operative Banks of India: Towards the Next Banking Orbit' has found that RCBs are in a changing time. Due to geographical difficulties, RCB has limited scope for growth. RCB will have to face many challenges in the coming period. Shadow banks have more edge than RCBs due to their ability to reduce transaction costs, instant decision making, customer propensity and fast delivery of services. Shadow banks sometimes look like banks in terms of the products and services offered and create important areas of business, allowing them to meet the specific needs of the people more efficiently. Being open to all in rural areas, RCB will have to strengthen its internal mechanisms to meet these challenges and thrive. In this process, while PACs want to act as agents of change in their members, RCBs have an important role to play in equipping them with the necessary skills to cope with the rapidly changing rural economic situation. The rural co-operative banking system has come under scrutiny from incremental regulators / supervisors. A large portion of the rural population is waiting to touch the formal economy. This is an opportunity for RCB. The potential benefits of extending banking services to the rural population will be sufficient to stimulate rural co-operative structures and help in gaining higher market share in rural credit.

**Mittal p. (2018)** in his dissertation 'Progress of the District Central Co-operative Banks in Haryana: Analysis of Financial Performance and Productivity', observed that banking institutions can be more effective and successful by achieving high levels of productivity. DCCB is very important in the co-operative banking system. Helps to increase the socio-economic status of the people. This study shows that ACGR has proven that DCCBs are working to improve the productivity of their respective banks. It has been found that the branches of each bank have been expanded. However, the staff in each branch has been reduced during the study period. In addition, DCCB needs to provide some more effective benefits to its employees and renew branch infrastructure as they are considered as true friends of farmers in our country. Therefore, these banks should focus more on the needs of that section of the society. To achieve the goal of economic inclusion in India, the state and central governments need to recognize the co-operative banking model as the right structure, which is the need of the hour. This

system will be cost effective and if properly monitored the results will be achieved quickly and the role of DCCB will be very important in the state of Haryana.

**Shivkumar S. (2018)** in their research 'A Study on Non-Performing Asset Management with Special Reference to Coimbatore City Co-operative Bank Limited, Tamil Nadu' concludes that the profits of banks and NPAs pose a risk to banks, shareholders and shareholders. The study period for controlling NPAs of depositor banks has declined in the early years but NPAs have declined in the last half decade. In the last half of the study, the bank lowers NPAs and increases profits. Total NPAs account for a large share of priority NPAs and should be reduced. As mortgage lending is high in priority sectors, the bank should take appropriate steps to improve mortgage lending. Therefore, the management of Coimbatore City Co-operative Bank should pay special attention to NPA management and take appropriate steps to create new NPAs and recover in existing NPMs. Timely action is required to ensure future bank growth.

**Reddy K.N. And Chandraya M. (2019)** in his research study 'Progress of Co-operative Banks in India' concludes that the banks selected for the study are working efficiently, increasing profitability and making good use of managerial talent. The number of members is increasing due to increased membership. Studies from 2017 to date have shown a significant trend in the overall financial performance of co-operative banks, membership, equity, deposits, loans and van advances, loans, etc. Loan arrears in co-operative banks have increased. It also increases the recovery of arrears. Since then, recovery from excess fatigue has slowed but some improvements are still needed.

#### **OBJECTIVES OF THE STUDY:**

1. To study the working and growth of Co-operative banks in Osmanabad district.
2. To evaluate the financial performance of selected co-operative banks
3. To assess the capital adequacy, research, borrowing liabilities and levels of non –performing assets of co-operative banks of Parbhani district.

#### **HYPOTHESIS OF THE STUDY:**

1. To compare the Selected Cooperative Banks Performance by traditional approach and data evaluation analysis
2. Association of the Traditional Ratios with Efficiency and Effectiveness by DEA Approach

#### **RESEARCH METHODOLOGY:**

The current study is mainly based on secondary data - data collected from banks and other sources. The required data has been collected from the banks which are the units of the present study. In addition, annual reports, bulletins, magazines, articles, newspapers, e-sources, etc. Necessary data has been collected from other similar sources.

#### **RESEARCH DESIGN:**

The research is based on research design to find important variables of the study, descriptive research design to describe the performance of cooperative banks and then efficient research to determine the measurement of efficiency.

#### **SAMPLE DESIGN:**

1. Saibaba Nagari Sahakari Bank Ltd.
2. Renukamata Multi State Co Op Urban Credit Society LTD. ...
3. Vaishya Nagari Sahakari Bank LTD. ...

**To compare the Selected Cooperative Banks Performance by traditional approach  
and data evaluation analysis**

Sr. No.	Null Hypothesis	Test	Test Value	p-Value	Implication
1.	Rank is not significantly different based on performance score and effectiveness score	Wilcoxon test	-8.914	0.000	Null Hypothesis Rejected
2.	Performance ranking by ROA (traditional approach) is not significantly different than ranking of performance.		-0.104	0.921	Null Hypothesis Rejected
3.	Performance ranking by ROA (traditional approach) is not more important than ranking		-3.971	0.000	Null Hypothesis Rejected
4.	Performance ranking by ROA (traditional approach) is not significantly different from overall performance		-4.791	0.000	Null Hypothesis Rejected

The performance in the traditional method measured by the ROA is equal to the performance score generated from the DEA method; However, the ROA results generated as a result of DOA are not consistent with the effectiveness and overall performance results. Efficiency and effectiveness results also vary significantly, thus banks that are efficient are not as efficient.

**Association of the Traditional Ratios with Efficiency and Effectiveness by DEA Approach**

Sr. No	Null Hypothesis	Test	Spearman's Rank	p-Value	Implication
1.	No Association of CRAR with Efficiency	Spearman's Correlation	0.258	0.002	Rejected
2.	No Association of CRAR with Effectiveness		0.096	0.263	Accepted
3.	No Association of ROR with Efficiency		0.253	0.003	Rejected
4.	No Association of CRAR with Effectiveness		0.219	0.001	Rejected
5.	No Association of Net NPA to Net Advances with Efficiency		-0.234	0.008	Rejected
6.	No Association of Net NPA to Net Advances with Effectiveness		-0.129	0.158	Accepted
7.	No Association of Profit per Employee with Efficiency		0.257	0.003	Rejected
8.	No Association of Profit per Employee with Effectiveness		0.09	0.343	Accepted
9.	No Association of working funds with Efficiency		0.149	0.076	Accepted
10.	No Association of working funds with Effectiveness		0.458	0	Rejected
11.	No Association of operating expenses to total assets with Efficiency		-0.442	0	Rejected
12.	No Association of operating expenses to total assets with Effectiveness		0.181	0.034	Rejected

Efficiency corresponds to CRAR, ROA, net NPA to net advance, profit per employee and total assets operating costs at 5% level while effectiveness is related to ROA, spread to working funds and total cost.

---

**CONCLUSION:**

Assessing the performance of the co-operative banks selected for this study is essential to understand the patterns of weak banks and the reasons for their inefficiency. According to the study, selected co-operative banks should increase their income so as to increase their profits. Increasing their income will increase their efficiency and thus improve their overall performance.

**REFERENCES:**

1. Bhaskaran, R. & Praful, J.P. (2000), "Non-Performing Assets (NPAs) in Co-operative Rural Financial System: A major challenge to rural development", *bird's eye view*, Vol-85, pp. 597-610.
2. Chander R. (2010), "Financial Viability and Performance Evaluation of Cooperative Credit Institutions in Haryana (India)", *International Journal of Computing and Business Research*, Vol-1, Issue-1, pp. 1-22
3. Chavan P. (2016), "Regional Divide in Banking Development in Maharashtra", *Economic & Political Weekly*, Vol-1, Issue-30, pp. 46-56.
4. 12. Chackochan J Njavallil, Joby Joseph Thoomkuzhy and Merry Elizabeth John (2018), "Evaluation of the Financial Performance of Co-Operative Bank in Kerala- Upputhara Service Co-Operative Bank", *Research Review International Journal of Multidisciplinary*, Vol-03, Issue-08, pp. 698-705.
5. Sivakumar S. (2018), "A Study on Non-Performing Asset Management with Special Reference to Coimbatore City Co-Operative Bank Ltd, Tamilnadu", *International Journal of Management Studies*, ISSN(Print) 2249-0302 ISSN (Online)2231-2528, Vol-5, Issue-4(2), pp. 75-85
6. Mishra, B. S. (2003), "Allocative Efficiency of the Indian Banking System in the Post- Reform Period- A State Level Analysis", *Reserve Bank of India Occasional Paper*, Vol-24, Issue-3, pp. 1-9.