

PERFORMANCE EVALUATION OF TASGAON URBAN COOPERATIVE BANK

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1. Introduction

The Co-operative movement was started in India to ameliorate the condition of that cooperation 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.

2. Objectives

- i. To review and evaluate the financial position of the Tasgaon Urban Co-operative bank with regarded to Deposits, working capital and profitability.
- ii. To assess the opinion of the bank customers as regards various banking facilities and services offered by the Tasgaon Urban Co-operative Bank Ltd.

1. Profitability and 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 to ‘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

2. Short term liquidity position

Table No 1.1

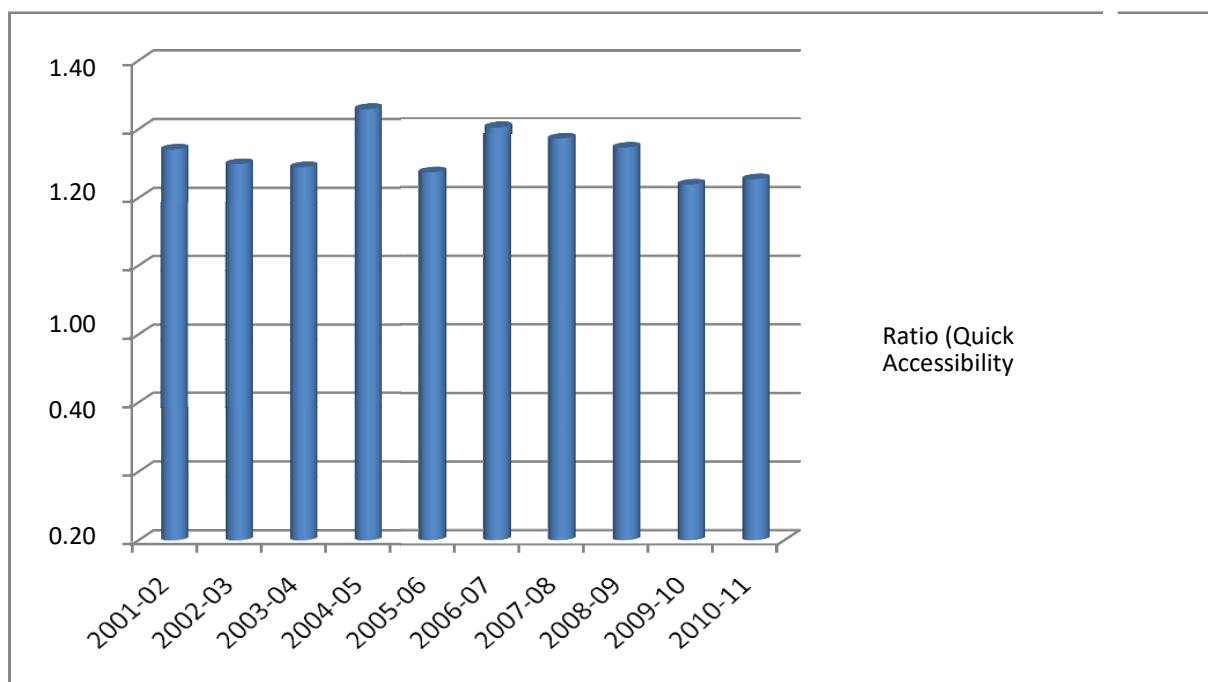
Short term liquidity position of TUCB

Year	Quick Asset	Quick Liabilities	Quick Ratio (QA/QL)
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 1.1 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. 1.1

Short term liquidity position



3. 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.

Table No. 1.2

Working Capital

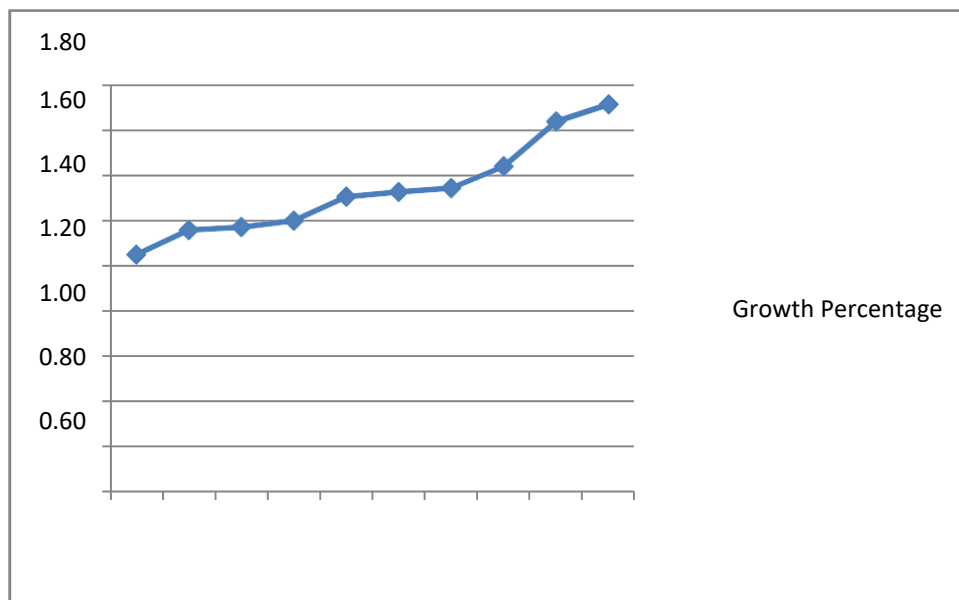
Year	Particulars	Growth Percentage
2001-02	1575.62	1.05
2002-03	1736.38	1.16
2003-04	1756.89	1.17

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. 1.2

Working Capital



Conclusion

Tasgaon Urban 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.

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. Tasgaon 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.

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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.