

FINANCIAL STATEMENT ANALYSIS OF CO-OPERATIVE BANK IN UTTARAKHAND

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Abstract

16 co-operative banks are working in Uttarakhand and for the purpose of this study five major co-operative banks have been selected. These five selected banks are Uttarakhand State Co-operative Bank, Nainital District Co-operative Bank, Dehradun District Co-operative Bank, Kurmanchal Bank and Almora Urban Co-operative Bank. To fulfill the objectives, annual reports of co-operative banks of Uttarakhand have been collected from the head office of the banks. In this paper assets, total income, total expenditure and net profit for the year 2017-18 and 2018-19 of co-operative banks of Uttarakhand have been described. This study is useful for understanding the cooperative bank's assets, income, expenditures and income.

Keywords

Co-operative banks, Financial Statement, Uttarakhand.

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Introduction

Co-operative banks provide services as private and public sector banks in India but co-operative banks have some unique features that made cooperative banks some different. In this topic, we are discussing the cooperative banks.

Only co-operative banks can be registered under the related state co-operative societies act and the word “co-operative” is mandatory to use by every co-operative bank within their name. Related state means the state in which they are registered. According to Article 3 of the Constitution of India, the states have exclusive right to make the laws regarding cooperative societies, so each state has its own cooperative societies act and cooperative banks are registered by the state government under the state cooperative societies act. Major activities of cooperative banks are controlled by the state government.

Many types of banks are working in India. Some are dedicated to general work of public like private and public banks (like. SBI, HDFC), one bank is dedicated to Import Export (like. EXIM bank), some are dedicated to the improvement of industries (like. SIDBI, HDFC), rural co-operative banks (like. Uttarakhand state co-operative bank, Nainital district co-operative bank) dedicated to the development of the agriculture sector and rural economy and urban co-operative banks (like. Kurmanchal bank, Almora urban co-operative bank) are dedicated fulfill the small business need in the area approved by RBI. Most banks are doing directly or indirectly all works but preference gives to their dedicated sector.

According to Uttaranchal Co-operative Bank Act, 2003, a co-operative bank means a committee that conducts banking business as defined in subsection (b) of section 5 of the Banking Regulation Act, 1949.

Banking Regulation Act, 1949 section 5(b) defines Banking as, “banking” means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise.

In Uttarakhand 1 state cooperative bank is working at the state level, 10 district co-operative banks are working at the district level, 760 primary agricultural co-operative societies are working at the village level and 5 urban co-operative banks are working state level. State co-operative banks, district co-operative banks, and primary agricultural credit societies are working together and 5 urban co-operative banks are working independently.

All the above 16 cooperative banks in Uttarakhand provide banking services to the public. 1939 co-operative banks are working in India out of which 16 co-operative banks are working in the Uttarakhand State of India. 398 rural

co-operative banks are working in India and 1541 urban co-operative banks are working in India out of which 11 rural co-operative banks and 5 urban co-operative banks are working in Uttarakhand state.

Uttarakhand state co-operative bank 98.71% of its total loan has been taken (Rs.144383.7 lakh) from NABARD. Nainital district co-operative bank took loan Rs. 7100 lakh from Uttarakhand state co-operative bank and Nainital district co-operative bank subscribed Rs. 793 lakh capital of Uttarakhand state cooperative bank. The loan amount is approx 9 times of capital amount.

Review of Literature

Dr. Chandra V., Srivastava S. (2021). On analyzing this research paper, it can be concluded that demonetization influenced and brought numerous changes in all segments of the economy in which the banking sector was majorly affected by this revolutionary step. It boosted the liquidity position of scheduled commercial banks and banks invested this excess amount in various bonds for adding more surplus to their income. Demonetization has changed the customer attitude to switch the digital banking services which are helpful for the bank to manage the crowd and workload on them. The study also suggests that the step had helped banks to maintain an adequate level of capital adequacy, minimizing the stressed assets, maximizing the operating profit and CASA ratio.

Adhikari Hema, Dr. Joshi Kamal, (2018). District co-operative banks are two folds, on the one hand, they are supposed to provide cheap and timely credit to rural masses and on the other hand, have to ensure their profitability and viability in turbulent interest regimes. To be able to create a balance between their social objective and economic compulsion these banks were needed to change their working strategy. In conclusion, it can be pointed out that the financing of agricultural development as a part of rural development, through the concerned District co-operative bank has been partially effective. **Ravindran, R., (2011).** A cooperative bank's success depends on successful financial management, human resources management and customer relationship management. TDCC Bank should not cancel the loan amount for agriculture loans. Banks can reduce the interest rate on loans for the borrowers who have problems with repayment. The cancellation of loans affects the profitability and liquidity of the bank. Even the survival of banks will be questionable.

Government of India Annual Publication Economic Survey 2013-14 (2014). The government of India, in its annual publication Economic Survey 2013-14 has pointed out that the agriculture sector was disbursed Rs. 6,07,375.62 crore in 2012-13. According to this report, Commercial banks, Regional rural banks

(RRBs), and Cooperative banks extended credit to 152.77 lakh new farmers, increasing the total number of agriculture loan accounts financed as of March 2013 to Rs. 7.04 crore. As per the provisional figures available, as against the farm credit target of Rs.7,00,000 crore for the year 2013-14, an amount of Rs. 7,30,766 crore was disbursed during the year.

Soyeliya Usha L. (2013). Conduct a study in 2013 on the topic of “A study in co-operative banks in India” and suggest that the co-operative banks should adopt the modern methods of banking like internet banking, credit cards, ATM, etc., 2. The banks should plan to introduce new schemes for attracting new customers and satisfying the present ones. 3. The banks should plan for the expansion of branches. 4. The banks should improve the customer services of the bank to a better extent. Concluded that the Due to cooperative legislation and administration, Govt. interference has become a regular feature in the day-to-day administration of the cooperative institution. Some of the problem areas that arise out of the applicability of the cooperatives legislative are: Deliberate control of cooperatives by the government. Nomination of the board of directors by the government. Participation of the nominated director by the government. Deputation of government officials to cooperative institutions etc.

Objective

The main objective of this study is to describe the assets, total income, total expenditure and net profit for the year 2017-18 and 2018-19 of co-operative banks of Uttarakhand.

Research Methodology

The nature of this study is descriptive cum analytical and this study is entirely based on secondary. Secondary data have been collected from the RBI, NABARD and other websites, Journals, Magazines, Books, Annual reports of banks, and previous thesis. Secondary data has been collected from the various sources but this study is mainly based on the annual reports collected from the head offices of co-operative banks of Uttarakhand and this data has been analyzed through the many modern tools.

16 co-operative banks are working in Uttarakhand and for the purpose of this study 5 volumetric banks have been selected which have 163 branches in Uttarakhand.

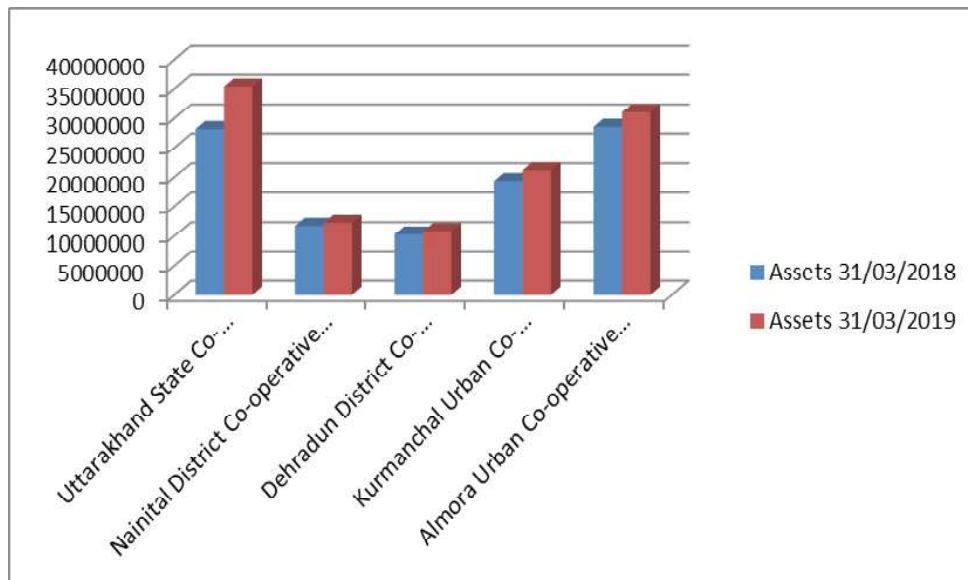
Uttarakhand State Co-operative Bank, Nainital District Co-operative Bank, Dehradun District Central Co-operative Bank, Kurmanchal Urban Co-operative Bank and Almora Urban Co-operative Bank have been selected for the purpose of this study.

Data Analyze

Table 1. Assets of Co-operative Banks of Uttarakhand

	Uttarakhand State Co-operative Bank	Nainital District Co-operative Bank	Dehradun District Co-operative Bank	Kurmanchal Urban Co-operative Bank	Almora Urban Co-operative Bank
Assets 31/03/2018	28222889	11747160.99	10302623.31	19360624.15	28579255.70
Assets 31/03/2019	35384595	12259898.56	10849160.74	21208518.59	31043039.03

Figure 1. Assets of Co-operative Banks as of 31/03/18 and 31/03/19

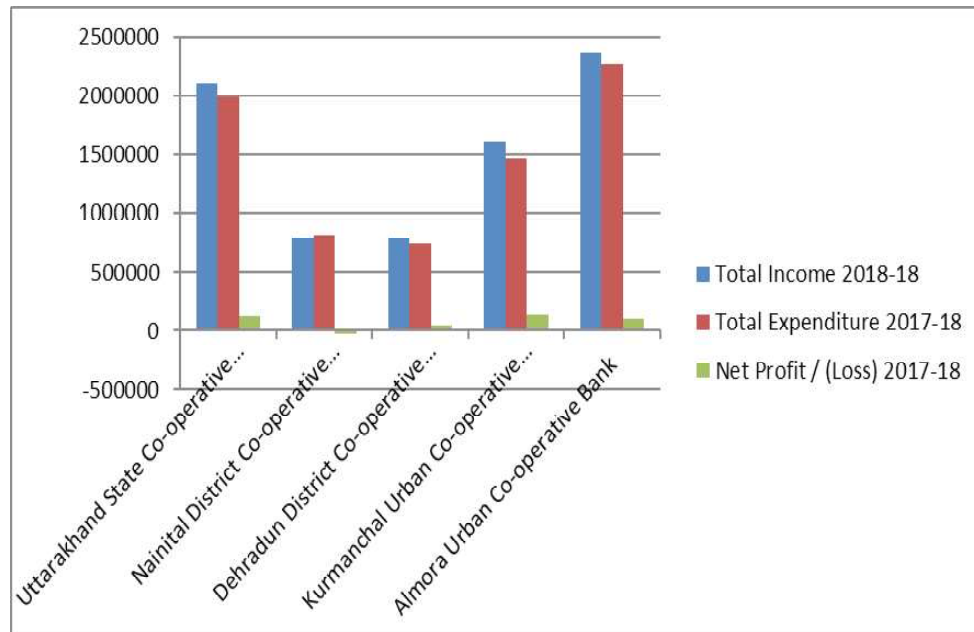


Almora urban co-operative bank has the highest assets as of 31/03/2017 but Uttarakhand state co-operative bank highly increase their asset during the year of 2017-18 and become the highest asset holding bank as of 31/03/2018. Dehradun district co-operative bank is the smallest asset strength bank in both of the years ended 2018 and 2019.

Table 2. Income, Expenditure and Profit and Loss of 2017-18

Particular	Uttarakhand State Co-operative Bank	Nainital District Co-operative Bank	Dehradun District Co-operative Bank	Kurmanchal Urban Co-operative Bank	Almora Urban Co-operative Bank
Total Income 2017-18	2115176	799167.3267	790374.64	1607798.71	2374988.23
Total Expenditure 2017-18	1988197	823347.7017	741534.3	1472478.21	2272122.51
Net Profit / (Loss) 2017-18	126979	-24180.375	48840.34	135320.5	102865.72
Net Profit Ratio	6.00	-3.03	6.18	8.42	4.33

Figure 2. Income, Expenditure and Profit and Loss of 2017-18

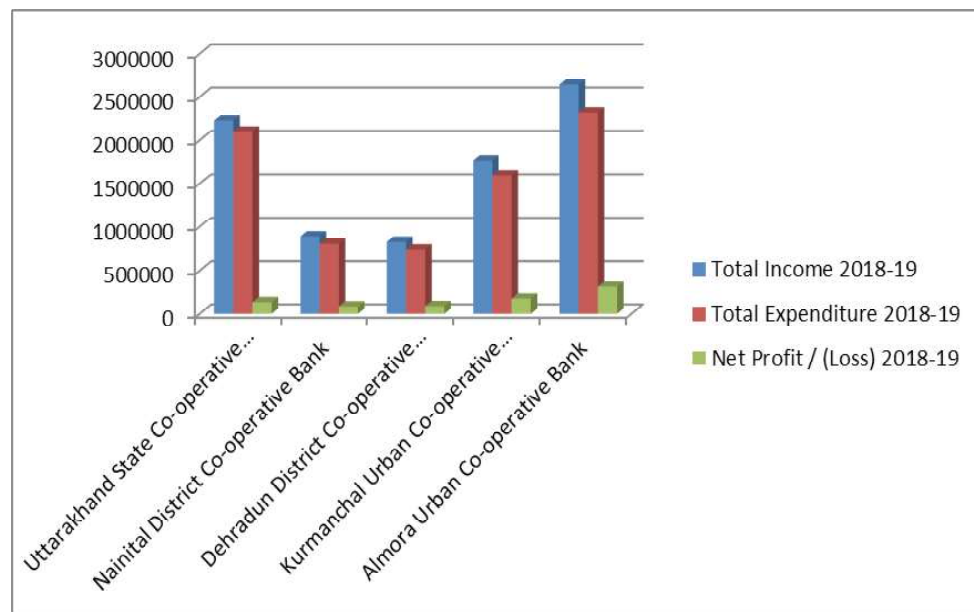


All the above five co-operative banks are in profit during the year 2017-18 except the Nainital district co-operative bank. Nainital district co-operative bank incurred a loss during the year 2017-18 because of higher expenditure and lower-income and it was not due to abnormal loss. Kurmanchal Bank is working the lower expenditure with high revenue with high net profit ratio.

Table 3. Income, Expenditure and Profit and Loss of 2018-19

Particular	Uttarakhand State Co-operative Bank	Nainital District Co-operative Bank	Dehradun District Co-operative Bank	Kurmanchal Urban Co-operative Bank	Almora Urban Co-operative Bank
Total Income 2018-19	2229599	887681.2	825700.78	1767445.66	2639247.8
Total Expenditure 2018-19	2098714	805152.3	740164.59	1596278.7	2323673.7
Net Profit / (Loss) 2018-19	130885	82528.9	85536.19	171166.96	315574.1
Net Profit Ratio	5.870338119	9.297132799	10.35922359	9.684425602	11.9569713

Figure 3. Income, Expenditure and Profit and Loss of 2017-18



All the above five co-operative banks are in profit during the year 2018-19. Almora urban co-operative bank has the highest profit with the highest net profit ratio.

Conclusion

As of 31/03/2018, Uttarakhand State Co-operative Bank's total assets are 28222889, Nainital District Co-operative Bank's total assets are 11747160.99, Dehradun District Co-operative Bank's total assets are 10302623.31, Kurmanchal

Urban Co-operative Bank's total assets are 19360624.15 and Almora Urban Co-operative Bank's total assets are 28579255.70.

As of 31/03/2019, Uttarakhand State Co-operative Bank's total assets are 35384595, Nainital District Co-operative Bank's total assets are 12259898.56, Dehradun District Co-operative Bank's total assets are 10849160.74, Kurmanchal Urban Co-operative Bank's total assets are 21208518.59 and Almora Urban Co-operative Bank's total assets are 31043039.03.

As of 31/03/2019, Uttarakhand State Co-operative Bank's net profit is 126979, Nainital District Co-operative Bank's net profit is 24180.375, Dehradun District Co-operative Bank's net profit is 48840.34, Kurmanchal Urban Co-operative Bank's net profit is 135320.5 and Almora Urban Co-operative Bank's net profit is 102865.72.

As of 31/03/2019, Uttarakhand State Co-operative Bank's net profit is 130885, Nainital District Co-operative Bank's net profit is 82528.9, Dehradun District Co-operative Bank's net profit is 85536.19, Kurmanchal Urban Co-operative Bank's net profit is 171166.96 and Almora Urban Co-operative Bank's net profit is 315574.1.

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