



FINANCIAL PERFORMANCE ANALYSES OF URBAN COOPERATIVE BANKS IN INDIA

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ABSTRACT

Banks in India that are included on the second schedule of the RBI Act of 1934 make up what is known as the scheduled banking structure in the country. Commercial, Rural, Urban Co-operative, and State Co-operative Banks are all included in the list of scheduled financial institutions. The present study growth and composition of Income and Expenditure of UCBs in India. The present study is based on the secondary data, secondary data collected from different sources such as India stat website, National Institute of Banking Management (NIBM) - Pune, RBI statistical department publication, Indian banks association publications, Published journals, newspapers, and Books. And published sources. The study found that advances to the weaker sections have decreased; it is indicating that capital reserves and surplus, deposits, borrowing, and other liabilities of urban cooperative banks decreased between 2014 and 2021. The study further reveals that during the study period, both the SLR Investments and the Investments in the Approved Section of the urban cooperative banks went down.

Key words: Urban Cooperative Bank, Financial Performance, Banking

INTRODUCTION

The time period “city Co-operative banks” refers to primary Co-operative banks in city and semi urban area. Those banks generally lent to small borrowers and agencies centred on groups, neighbourhood and place of Work Corporation. Urban Co-operative banks are primarily localised monetary service carriers which have been in operation for more than a century. Their speciality is catering to the decrease centre elegance and people with constrained sources, in addition to self employed and micro firms.

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financial institutions. At the end of March 2001, there were 1853 urban co-operative banks, 100 commercial banks, 196 regional rural banks, and 16 state co-operative banks operating in India. The Indian banking sector continues to respond to the developing issues of increased competition and uncertainties throughout the year 2000/01. While the prudential and supervisory rules are being brought into conformity with international best practise, the ongoing reforms allow greater operational flexibility to urban cooperative banks. This further strengthens the system's ability to remain stable.

The business strategies of urban cooperative banks demonstrated a greater emphasis on product diversification, customer orientation thrust towards retail banking, adoption of information technology for improved service, improved management information systems, and strategic mergers and acquisitions across bank groups. Since July 1991, when the government first implemented its macroeconomic policies, the economy has been performing in a significantly more favourable manner. With an eye on the improvement of society and the economy as a whole,

The evolving modifications within the economic zone, which integrate and integrate micro finance, fetch agencies, charge gateways, social platforms E-commerce businesses and NBFCs pose a threat to the ongoing presence of UCBs which are mostly small in size, lack expert control and have geographically less diverse operation. The Reserve Bank of India (RBI) has undertaken a number of different reform steps to improve the performance of banks.

OBJECTIVES

1. To study the growth and composition of Working capital in UCBs in India.
2. To analyze the growth and composition of Income and Expenditure of UCBs in India.

Hypothesis

1. There is difference in advances of Urban cooperative banks to priority sector and weaker section

METHODOLOGY

The present study is based on the secondary data, secondary data collected from different sources such as India stat website, National Institute of Banking Management (NIBM) - Pune, RBI statistical department publication, Indian banks association publications, Published journals, newspapers and Books. And published sources.



Analysis of data is made using certain tools and techniques such as Compound Annual Growth Rate. In order to test mean difference between advances of Urban cooperative banks to priority sector and weaker section. The study has used Independent t test

RESULTS AND DISCUSSION

Table-1 Advances of Urban Cooperative banks to priority sector and weaker section in India. (In Million)

Year	Priority sector Advance		Advance to Weaker Section	
	Amount (In Billion)	percentage	Amount (In Billion)	percentage
2014	975.87	48.88	256.89	12.87
2015	1108.21	49.4	311	13.9
2016	1244.18	50.78	349.16	14.25
2017	1192.23	45.64	271.02	10.37
2018	1307.71	46.62	311.95	11.12
2019	1340.28	44.23	281.42	9.29
2020	1538.43	50.38	357.54	11.71
2021	1617.08	51.7	335.9	10.74
CAGR	7.48%	0.80%	3.91%	-2.55%

Source: Indiatstat.com

Graph- 1 Advances of Urban Cooperative banks to priority sector and weaker section in India

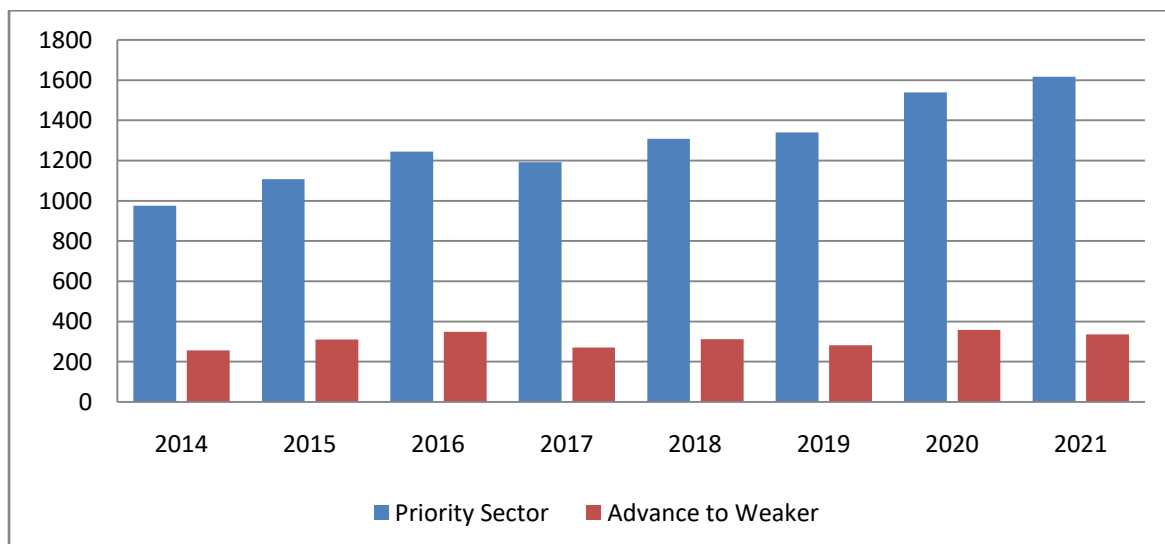


Table -1 shows the urban cooperatives priority sector advances and advances to the weaker sections from 2014 to 2021. The priority sector advances by UCBs is 975.87Millions



in 2014. it increases to 161708.4 Millions in 2021 total CAGR is 7.48%. The percentage of the priority sector advances from 48.8% in 2014 to 51.7% in 2021. its compound annual growth rate (CAGR) is 0.80%. The percentage distribution to the priority sector advances is that there is a fluctuation that did not follow any particular pattern from 2014 to 2021. The advance to the weaker sections was 256.89 Millions in 2014 and it increased to 311.95 in 2018 Millions, which further increased to 335.90 Millions and total CAGR **3.91%** in 2021. The percentage of the total advances in the way advances to the weaker section is 12.87% in 2014; it decreases to 10.74% in 2021 CAGR is **-2.55%**. It clearly indicates that advances to the weaker sections have decreased between 2014 and 2021.

Table -2 Years-wise Liabilities and Assets of Urban Cooperative Banks in India As on 2014 To 2021. (In Million)

Year	Capital	Reserves & Surplus	Deposits	Borrowing	Other Liabilities	Total Liabilities
2014	27992.6	115787	1456044	21273.2	197276	1818373
2015	30806.2	131469	1642206	19013.4	212643	2036138
2016	35847.2	142299	1844046	24039.9	228103	2274335
2017	39122.6	157835	2072473	31437.9	242521	2543389
2018	41181.6	167185	2120411	45067.4	273004	2646848
2019	43464.9	182609	2256876	50375.7	315050	2848376
2020	44149	148963	2297062	50030	369496	2909700
2021	44672.9	158358	2395759	37479.4	379133	3015403
CAGR	6.91%	4.57%	7.37%	8.43%	9.78%	7.49%

Source: Indiastat.com



Graph -2 Years–wise Liabilities and Assets of Urban Cooperative Banks in India As on 2014 To 2021. (In Million)

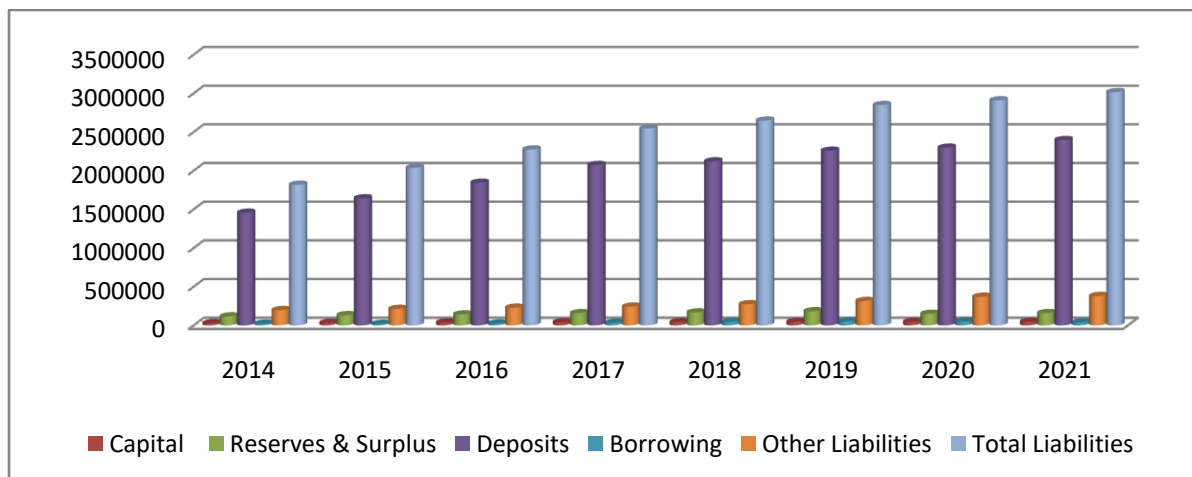


Table-2 presents the UCBs' liabilities and assets of urban cooperative banks from 2014 to 2021. The urban cooperative bank's capital is 27992.62 in 2014 and it increases to 44672.9 in 2021 and the total CAGR is 6.91%. The capital of the cooperatives increased between 2014 and 2021, which resulted in a surplus of the UCBs of Rs. 115786.71 Millions in 2014 and it increased to 158357.9 million in 2021. Total CAGR is 4.57%. It also clearly indicates that there is a drastic increase in the reserves and surplus of the urban cooperative between 2014 and 2021. The deposits of the urban cooperatives are 1456044 million in 2014. it increase to 2395759 million in 2021 and overall CAGR 7.37%; and it also increases between 2014 and 2021. The borrowings of the urban cooperative banks were 21273.23 Millions in 2014 and increased to 37479.4 million in 2021 and Overall CAGR is 8.43 %. Other liabilities of urban cooperative banks were 197276.3 million in 2014 and it increased 379133 million in 2021 and total CAGR is 9.78%, indicating that capital reserves and surplus, deposits, borrowing, and other liabilities of urban cooperative banks increased between 2014 and 2021. and the total liabilities CAGR is 7.49%

Table -3 Years-wise Liabilities and Assets of Urban Cooperative Banks in India As on 2014 To 2021 (in Million)

Year	Cash in Hand	Balance with RBI	Balance with Bank
2014	8764.58	80770.4	107019
2015	10801.66	84300.4	142733
2016	11890.07	86556.4	98446.5
2017	15223.27	99439.1	114662
2018	14816.02	103451	118267



2019	13417.4	110644	124061
2020	17973	98036.3	116009
2021	16756.4	111211	127967
CAGR	9.70%	4.67%	2.59%

Source: Indiatat.com

Graph -3 Years -wise Liabilities and Assets of Urban Cooperative Banks in India As on 2014 To 2021

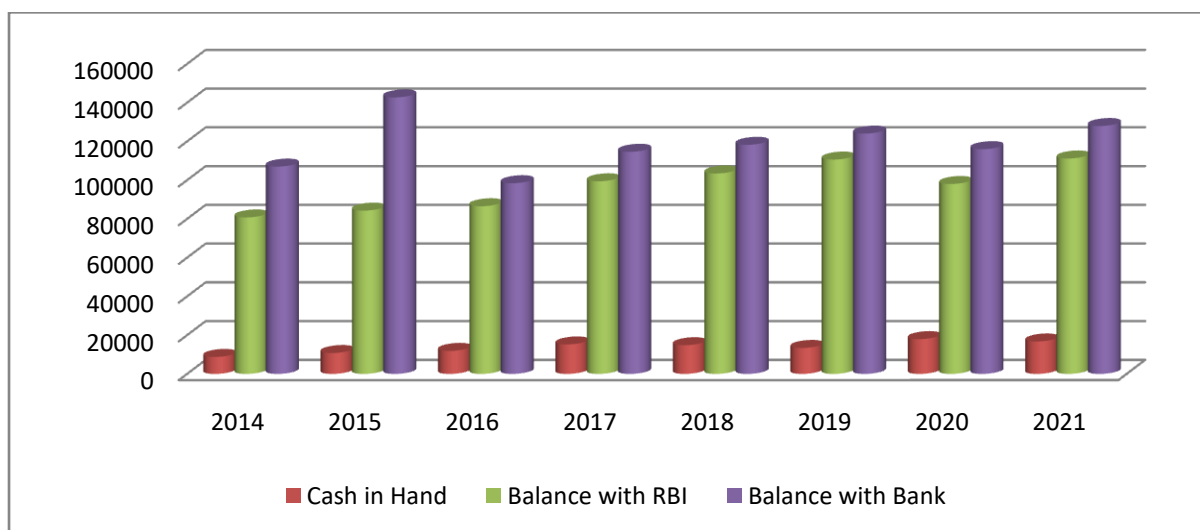


Table-3 presents the urban cooperative banks' cash in hand and balances with RBI from 2014 to 2021. In 2014, cash urban cooperative banks' cash on hand was 8764.58 million. It increased to 1675.64 million. The total CAGR is 9.70%. The urban cooperative bank's balance with the RBI was 80770.42 million in 2014 and is increased to 111211 million in 2021. The total CAGR is 4.67%. The balance with the banks of the urban cooperative banks was 107019 million in 2014. It increased to 12796.7 million in 2021. The total CAGR is 2.59% in 2014to 2021. It clearly indicates that urban cooperative banks' cash in hand, balance with RBI and hand balance with banks increased between 2014 and 2021.

Table -4 :Bank-wise Liabilities and Assets of Urban Cooperative Banks in India As on 2014 To 2021

Assets							
Year	Money At Call Short Notice	Invest ments	SLR Investment s	Non-SLR Investment s	Loans & Advance s	Other Assets	Total Assets
2014	4948.3	483949	437368	46580	938334	194588	1818372.9



2015	7321.3	514710	474128	40582	1057437	218835	2036137.8
2016	18270	585122	519457	65665	1187083	234812	2274335.1
2017	39010	662162	583648	78513	1291824	259230	2543388.9
2018	31095	688525	613025	75500	1368641	279459	2646848.5
2019	44208	722384	613940	108444	1465596	320802	2848376.0
2020	62600	751754	622468	129286	1411510	382565	2909700.0
2021	50875	802782	670941	131841	1432010	382707	3015403.1
CAGR							7.49%

Source: Indiatat.com

Table-4 presents the assets in urban cooperative banks in the Mysore district. In the year, 2014, money at call short notice was 4948.34 lakhs. In 2021, it will rise to 50875 lakhs. Investments in the study area's urban cooperative banks is 483949 lakhs in 2014, rising to 802782 lakhs in 2021. SLR investments in the urban cooperative banks were 437368 lakhs in 2014 and it increased to 670941 lakhs in 2021. **In 2014, urban cooperative banks invested 428738.73 lakhs in approved sections, which will rise to 67094.05 lakhs in 2021. with central or state cooperative banks' investments in the urban cooperative bank is 8629.49 lakhs in 2014. It increases to 13184.13 lakhs in 2021.** The non-investments of the urban cooperative bank were 46580.3 lakhs in 2014; it increased to 131841 lakhs in 2021. The urban cooperative banks' loans and advances is 938334.6 lakhs in 2014, rising to 1432010 lakhs in 2021. Other assets of the urban cooperative banks in the study area were Rs. 194588 lakhs in 2014 and will increase to Rs. 382707 lakhs in 2021. The total assets of the urban cooperative banks in the study areas were 1818372.9 lakhs in 2014 and increased to 3015403 lakhs in 2021. The urban cooperative bank from 2014 to 2021 the total CAGR is 7.49%, money at short notice, and balances with central or state cooperative banks, non-investments, SLR Investments and other assets have been increased from 2014 to 2021.

CONCLUSION

Cooperative In recent years, bank failures have been rather prevalent. Recent research has revealed a few criteria that appear to be shared by the majority of failing banks, despite the fact that each failure is relatively distinct. The majority of failing banks appear to do so due to issues with their loan portfolio. Nonperforming loans increase to such an extent that revenues decline, and loan loss expenses and operating expenditures consume the remaining earnings. The study found that advances to the weaker sections have decreased, it is



indicating that capital reserves and surplus, deposits, borrowing, and other liabilities of urban cooperative banks decreased between 2014 and 202. The study further reveals that during the study period, both the SLR Investments and the Investments in the Approved Section of the urban cooperative banks went down.

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