

CHAPTER VI

FINDINGS, SUGGESTIONS AND CONCLUSIONS

6.1 INTRODUCTION

6.2 FINDINGS

6.3 SUGGESTIONS

6.4 CONCLUSION

6.1 Introduction:

This chapter includes findings, suggestions and conclusion of related analysis and interpretation made by the researcher. The researcher gives the findings related to growth of the bank, NPA analysis of bank and descriptive analysis of the bank. The researcher also gives the findings related to profitability, solvency, liquidity, operating and activity ratios. In this the researcher has made important suggestions for the improvement of the bank. Finally, the researcher has given concluding remark on overall study.

6.2 General Findings:

1. The share capital, general reserves and membership has made positive growth over a period of study. Share capital, general reserves and membership has been increased by 40.29%, 49.80% and 20.05% respectively. (Table No. 5.1)
2. The total deposits and working capital of the bank has made a significant progress in the study period. The increasing trend is 53.70% and 51.20% from 2006-07 to 2010-11. (Table No. 5.2)
3. The loans and advances by the bank has made positive trend and it will pave way to issue more loans and advances to rural, semi urban and urban areas around the bank. (Table No. 5.2)
4. The bank maintain the adequate SLR investment and on the other hand in the year 2006-07 to 2008-09 the bank has high other SLR investment but after that it was decreased up to Rs. 0.82 lakhs. (Table No. 5.3)
5. It is found that the Standard Assets Quality of the bank is high. The mean value of the standard assets quality is 89.97%. The Standard Deviation of the Standard Assets is 2.72. (Table No. 5.4)
6. It is found that the Gross NPA as well as Net NPA has been decreased over a period of study. The Gross NPA decreased from 10.72% to 5.10% from 2006-07 to 2010-11. (Table No. 5.5)
7. The differential value of Gross NPA and Net NPA shows the decreasing flow. The mean value of differential value of Gross NPA and Net NPA is – 1.40 and – 1.68. (Table No. 5.6)
8. The Capital Risk to Asset Ratio or Capital Adequacy Ratio of the bank was shows every year more than standard of 9%. It indicates the bank has satisfactory CRAR. It is good sign of profitability. (Table No. 5.7)

9. Total Expenditure to Total Income has been decreased from 2006-07 to 2010-11. It indicates that the bank has aware about the total expenditure of bank. (Table No. 5.17)
10. Net Profit to Total Income shows the stability in the ratio from 2008-09, 2009-10 and 2010-11, the ratio is 4.81%, 4.45 and 4.71 respectively. (Table No. 5.18)
11. The return on net worth ratio shows the stability on 0.05 in the year 2008-09 to 2010-11. (Table No. 5.19)
12. The Return on Equity Share Capital ratio varied in between 3.68 % to 8.63 %. The ratio shows the minimum profitability. (Table No. 5.21)
13. It is found in the Cash Balance to Total Deposits ratio the cash balance were fluctuated trend during the study period. The ratio also in fluctuating trend and it ranges 5.71 to 12.03. (Table No. 5.24)
14. Total loans and advances per employee has been increased over a period of study. It was increased by 46.52% to 73.53% from 2006-07 to 2010-11. (Table No. 5.27)
15. More than 32.86% amounts are to be invested in the government securities through the bank. It shows the bank followed the RBI norms. (Table No. 5.29)
16. The interest income of the bank has been increased from Rs. 899.59 lakhs to Rs. 1027.44 lakhs from the 2006-07 to 2010-11. (Table No. 5.31)
17. The ratio of operating expenses is fluctuated and it varied to 2.64 to 3.75. (Table No. 5.33)
18. It is clear that the fixed asset has been fluctuated trend. But the ratio has decreased 0.013 to 0.008 over a period of study. (Table No. 5.34)
19. Non-interest income has been increased of Rs. 18.70 lakhs during 2007-08 to Rs. 145.18 lakhs in 2010-11. (Table No. 5.35)
20. The overdue of the bank were minimum than 5%, it shows employee of the bank has taken more efforts to reduce the overdue. (Table No. 5.36)

Specific Findings:

1. In the 2009-10 and 2010-11 the bank has low other SLR investment the reason behind on the low other SLR investment is the bank has diverted this amount for loans operations and this useful to improve CD ratio. (Table No. 5.3)

2. The total of mean values of sub-standard assets, doubtful assets (including three) and loss assets appears to be 10.09% (2.81+1.47+2.61+2.85+.035), which indicates that only around 10% of banks total assets have come under the non performing assets. (Table No. 5.4)
3. The amount of Net NPA has been decreased from Rs. 280.38 lakhs to Rs. – 9.99 lakhs. It shows the bank has taken proper way to recovery of loans and advances and issue of loans and advances. The reason of the proper recovery of loans & advances and reduced NPA is the bank has adopted the three fold policies: Preventive, Detective and Corrective. (Table No. 5.5)
4. Business per employee's ratio shows the fluctuating trend over a period of study. The ratio ranges 102.85 to 183.13. The ratio shows fluctuation because the employment of the bank has decreased over a period of study. (Table No. 5.8)
5. Net Profit to Loans and Advances Ratio shows the net profit increased from the 2006-07 to 2010-11 but in respect of total loans and advances has been fluctuated because of the bank has not issue loans and advance in the year 2007-08 to 2008-09. (Table No. 5.9)
6. The interest earned to total income ratio varied between 87.62% and 97.72% during the study period. The reason of variation of ratio is the bank has not earned more interest in the year 2009-10 and 2010-11. (Table No. 5.11)
7. The Interest Paid to Total Income ratio has decreased from 2007-08 to 2010-11. The bank has not maintained their interest rates on the deposits. (Table No. 5.16)
8. Net Profit of per branch has been increased of Rs. 1.41 lakhs to Rs. 5.52 lakhs from 2006-07 to 2010-11. It indicates that the overall profitability of the bank branches is satisfactory during the study period. (Table No. 5.20)
9. The Credit Deposit Ratio (CD) of the bank were varied in between 60.76 to 67.09, which shows that the proper utilisation of the credit during the study period. (Table No. 5.22)
10. Interest Coverage ratio is minimum in the year 2010 as compared 2009 and again it was increased in the year 2010-11 i.e. 3.61%. It shows that the profit is sufficient to meet interest obligations. (Table No. 5.23)
11. It is found that out of total deposits the bank has been invested more than 41.92% amount as a investment. (Table No. 5.25)

12. Cash & Bank Balance to Total Assets Ratio shows the increasing trend from 2006-07 to 2009-10 is 13.03 to 18.20 but after that in the year 2010-11 it was decreased at 13.74% because there is a fluctuation in the cash balance. (Table No. 5.28)
13. Noninterest income has been increased in the year 2009-10 to 2010-11; it helps to increased working capital. The reason of increase the non interest income is the bank has provide various services to their customers. (Table No. 5.32)
14. The total income per employee has been increased in Rs. 9.71 lakhs in the year 2006-07 to Rs. 13.18 lakhs in 2010-11. The ratio increased because the bank has increased profit every year (Table No. 5.38)

6.3 Suggestions:

General Suggestions:-

1. The bank should the increased capital, deposits, and investment of the bank.
2. The Bank should maintain the cash balance to fulfill the day to day working needs of the bank.
3. The bank should alert about the granting the loans and advances to the agriculture, small scale industries and other customers.
4. Bank should increase the fixed assets of the bank for the purpose of strong position of the bank.
5. The bank should increase the branches of the bank to expand the bank business.
6. The bank should organize training camps for managers of the bank and also for employees.
7. The bank should reach up to investors who want to invest regularly a small amount.
8. Bank should provide various deposits schemes to the customers.
9. The bank should maintain the interest rates of the bank on loans and advances and deposits of the bank.

Specific suggestions:-

1. The bank should increase the other SLR investment to increase bank profitability.
2. The bank should organize seminars, workshops for the purpose of investment policies provided by the bank.
3. The bank should implement innovative products to increase the banking business like LakshadhishYojana.
4. The bank should provide the ATM services and other electronic banking services to their customer around the banking jurisdiction.
5. Bank has to accept the amounts of deposits in proportion with the reserve funds of bank.

6.3CONCLUSION:

The researcher found that the bank has been played significant role to provide banking facilities in rural masses. The researcher has analyzed the financial performance of Shri. SatyavijaySahakari Bank ltd; Kundal with the help of data collected from the annual reports and records. On the basis of the analysis and interpretation it is concluded that in the given period of study overall performance & growth of the Shri. SatyavijaySahakari Bank ltd; Kundal has been satisfactory. The researcher has found that the financial performance of the study unit is highly encouraging to the customers of the bank.