

Chapter IV

Analysis and Interpretation of Data

- 4.1 Introduction
- 4.2 Assets and Properties
- 4.3 Deposits
- 4.4 Loans and Advances
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4.1 Introduction:-

Finance is the lifeblood of entire banking system. Without finance no bank can fulfill its objectives. Finance is the most essential factor of urban co-operative banks. The viability of bank depends upon the availability of finance. The main activities are collection of deposits and disbursement of money to the needy members. Funds are available for further disbursement only when the loans are recovered efficiently. Success of urban co-operative bank depends on proper financial management.

Definitions

Finance

a) Wheeler

“Business finance is defined as that business activity which is concerned with acquisition of capital funds in meeting the financial needs and overall objectives of business enterprise.”

b) Howar and Upton

“Finance may be defined as that administrative area or set of administrative functions in on organization which relate the arrangement of cost and credit so that organization may have the means to carry out its objectives as satisfactorily as possible.”

1. Financial Management

a) Archer and Ambasio

“Financial management is an application of planning and control functions to the finance function. It cannotes responsibility for obtaining and effectively utilizing funds necessary for the efficient operations of the enterprise.”

b) J. V. C. Horne and J. M. Wachowicz

“Financial management is concerned with the acquisition, financing and management assets with some overall goal in mind.”

Knowledge of financial management is helpful for managers and directors of Urban Co-operative Banks in the proper utilization of funds. The

main objective of financial management is to procure funds at minimum possible cost and to provide them to needy. Urban Co-operative Bank has adopted different novel ideas for tapping deposits from different classes of people.

It is essential for Urban Co-operative Bank to maintain the accounts systematically. They maintain the following books of accounts and registers according to Rule 65, of Co-operative Act.

1. Cash Book.
2. General Ledger.
3. Register of Shares.
4. Register of Debenture and Bonds.
5. Register of Members.
6. Record of Assets and Liabilities.
7. Record of Regular Expenditure and Income.

Urban co-operative bank has to prepare P and L A/c for the year ended and B/s as on 31st March every year. These financial statements have to be placed before the members in annual general meeting for their approval.

The purpose of this chapter is to analyze the financial aspect of Rayat Sevak Co-operative Bank Ltd: Satara Branch: Karad for the last eight years i.e. from 2000-01 to 2007-08.

The analysis is divided into

1. Assets and Properties.
2. Deposit, Average deposit per account.
3. Average loan per account.
4. Sources of Income.
5. Items of expenditure.
6. Profit or Loss.
7. Business per employée.
8. Audit class.

4.2 Assets and Properties

Assets and properties of Rayat Sevak Co-operative Bank Ltd: Satara.

Branch: Karad are classified into following categories

Table 4.1

| Sr. no. | Category | Types of assets |
|---------|--------------------|--|
| 1 | Cash in hand | Cash in hand. |
| 2 | Cash at bank | Cash at bank a) Saving A/c. b) Current A/c |
| 3 | Investment | a)Fixed Deposits with S. D. C. C. Bank. |
| 4 | Loans And Advances | a) General Loan. b) House Loan. c) Deposit Security Loan. d) Vehicle Loan. |
| 5 | Fixed Assets | a) Land and Building b)Dead Stock |
| 6 | Other Assets | a) Library. b) Bills receivable. c) Interest receivable. d) Other income receivable. e) Accumulated losses (if any). |

Table 4.2 Assets and Properties of Rayat Sevak Co-operative Bank Ltd, Satara. Branch: Karad.

| Year Assets | Cash in Hand Rs. | Cash at Bank Rs. | Investment Rs. | Loans & Advances Rs. | Fixed Assets Rs. | Other Assets Rs. | Total Rs. |
|-------------|----------------------|------------------------|----------------------|--------------------------|------------------------|------------------------|------------------------|
| 2000-01 | 1,17,000 (0.14%) | 18,00,484 (2.12%) | 3,05,000 (0.36%) | 8,05,78,669 (95.05%) | 2,51,219 (0.30%) | 17,53,775 (2.07%) | 8,48,06,147 (100%) |
| 2001-02 | 3,51,000 (0.38%) | 21,46,456 (2.33%) | 3,05,000 (0.33%) | 8,74,05,815 (95.05%) | 2,31,771 (0.25%) | 15,13,748 (1.65%) | 9,19,53,790 (100%) |
| 2002-03 | 2,41,000 (0.24%) | 41,51,441 (4.15%) | 3,05,000 (0.30%) | 9,38,68,592 (93.77%) | 2,04,707 (0.20%) | 13,37,384 (1.34%) | 10,01,08,124 (100%) |
| 2003-04 | 3,82,000 (1.34%) | 11,54,097 (1.04%) | 13,05,000 (1.17%) | 10,34,74,694 (93.12%) | 27,61,050 (2.49%) | 20,39,834 (1.84%) | 11,11,16,675 (100%) |
| 2004-05 | 4,73,000 (0.41%) | 17,19,013 (1.48%) | 5,000 (0.004%) | 10,95,89,992 (94.40%) | 27,65,306 (2.38%) | 15,37,045 (1.33%) | 11,60,89,356 (100%) |
| 2005-06 | 4,80,000 (0.37%) | 34,77,372 (2.67%) | 5,000 (0.003%) | 12,22,17,178 (93.82%) | 25,83,180 (1.98%) | 15,00,356 (1.16%) | 13,02,63,086 (100%) |
| 2006-07 | 4,40,000 (0.32%) | 16,03,266 (1.16%) | 5,000 (0.003%) | 13,21,46,199 (94.97%) | 24,16,668 (1.46%) | 14,57,357 (1.05%) | 13,80,68,490 (100%) |
| 2007-08 | 7,40,000 (0.47%) | 32,13,034 (2.05%) | 5,000 (0.003%) | 14,90,96,099 (94.97%) | 22,80,966 (1.48%) | 16,52,430 (1.05%) | 15,69,87,529 (100%) |
| Total | 32,24,000 (0.35%) | 1,92,65,163 (2.07%) | 22,40,000 (0.24%) | 87,83,77,238 (94.51%) | 1,34,94,867 (1.45%) | 1,27,91,929 (1.38%) | 92,93,93,197 (100%) |

Source - Annual reports of bank
In bracket shows % of total Assets.

Every co-operative bank must be able to meet any claim upon it in cash like call deposits. Therefore, co-operative bank has to maintain certain reserve of cash in hand and cash at DCC Bank.

Co-operative banks invest money in fixed deposits and other deposits. The most important asset of bank is Loans and Advances. Co-operative banks provide loans to their members for various purposes. Sound loan policy is essential for urban co-operative bank. Bank has to consider principle of safety, liquidity, profitability. They have to take various documents for the security of loans.

Every co-operative bank requires fixed assets like building, machinery and furniture.

Other assets include bills receivable, books, interest accrued, income receivable, and accumulated loss if any. The financial information of the Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad. For the period from 2000-01 to 2007-08 is analyzed.

Table shows the classification of Assets and properties of the Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad for the period from 31st March 2001 to 31st March 2008.

Table indicates the following trends:

- a) Loans and advances is the most important item of assets of The Rayat Seak Co-operative Bank Karad Branch as it covers 94.51% amount of the total assets.
- b) The percentage of fixed assets is very less because investment in fixed assets requires large amount of funds.
- c) The percentage of cash in hand is negligible.
- d) Percentage of other assets shows fluctuating trend.
- e) Investment covered 1.17% of assets during the year 2003-04. After 2004 investment were decreasing up to the year 2007-08.
- f) The percentage of loans and advances during the year 2006-07 was maximum that is 95.71% because bank declared various schemes of loans during the year.

4.3 Deposits

The major function of a bank is to accept deposits and lend/invest the money accepted as loans and advances. During the course of business a bank is bound to meet and interact with a large cross-section of customers. Obviously their needs will differ. Hence the bank has to have various types of deposits to enable customers to have manifold banking transactions.

Types of deposits of Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad the deposits are

- 1) Members Monthly Deposit.
- 2) Reinvestment Deposit.
- 3) Cumulative Deposit.
- 4) Saving Deposit.
- 5) Current Deposit.
- 6) Fixed Deposit.
- 7) Shubhmangal Deposit.
- 8) Pension Deposit.

Table 4.3 Deposits of Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad.

| Year | Amount of Deposits | Increase/Decrease | Growth Rate |
|---------|--------------------|-------------------|-------------|
| 2000-01 | 7,13,21,555 | - | - |
| 2001-02 | 8,42,93,901 | 1,29,72,346 | 18.19% |
| 2002-03 | 9,93,99,167 | 1,51,05,266 | 17.92% |
| 2003-04 | 12,16,75,326 | 2,22,76,159 | 22.41% |
| 2004-05 | 13,46,21,097 | 1,29,45,771 | 10.64% |
| 2005-06 | 14,79,63,732 | 1,33,42,635 | 9.91% |
| 2006-07 | 15,08,58,868 | 28,95,136 | 1.96% |
| 2007-08 | 14,71,91,336 | -36,67,532 | -2.43% |

Source: Annual reports of bank

Table shows that

- 1) Total deposits of Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad shows increasing trend in the year 2000-01 to the 2006-07 but the year 2006-07 total deposit decreases.
- 2) In the year 2003-04 the deposits are increased at highest growth rate that is 22.41%. The amount of deposits are highest that is Rs. 12,16,75,326 because during the year(that is 2001 to 2003) the rate of interest on deposits was the highest.
- 3) In the year 2004-05 shows the average growth in the deposits that is 10.64%.
- 4) There is decrease in the deposits during the year 2007-08 that is Rs.14,71,91,336 and also shows minus growth rate that is -2.43% because during this year the rate of interest on deposits was the lowest.

Graph 4.1

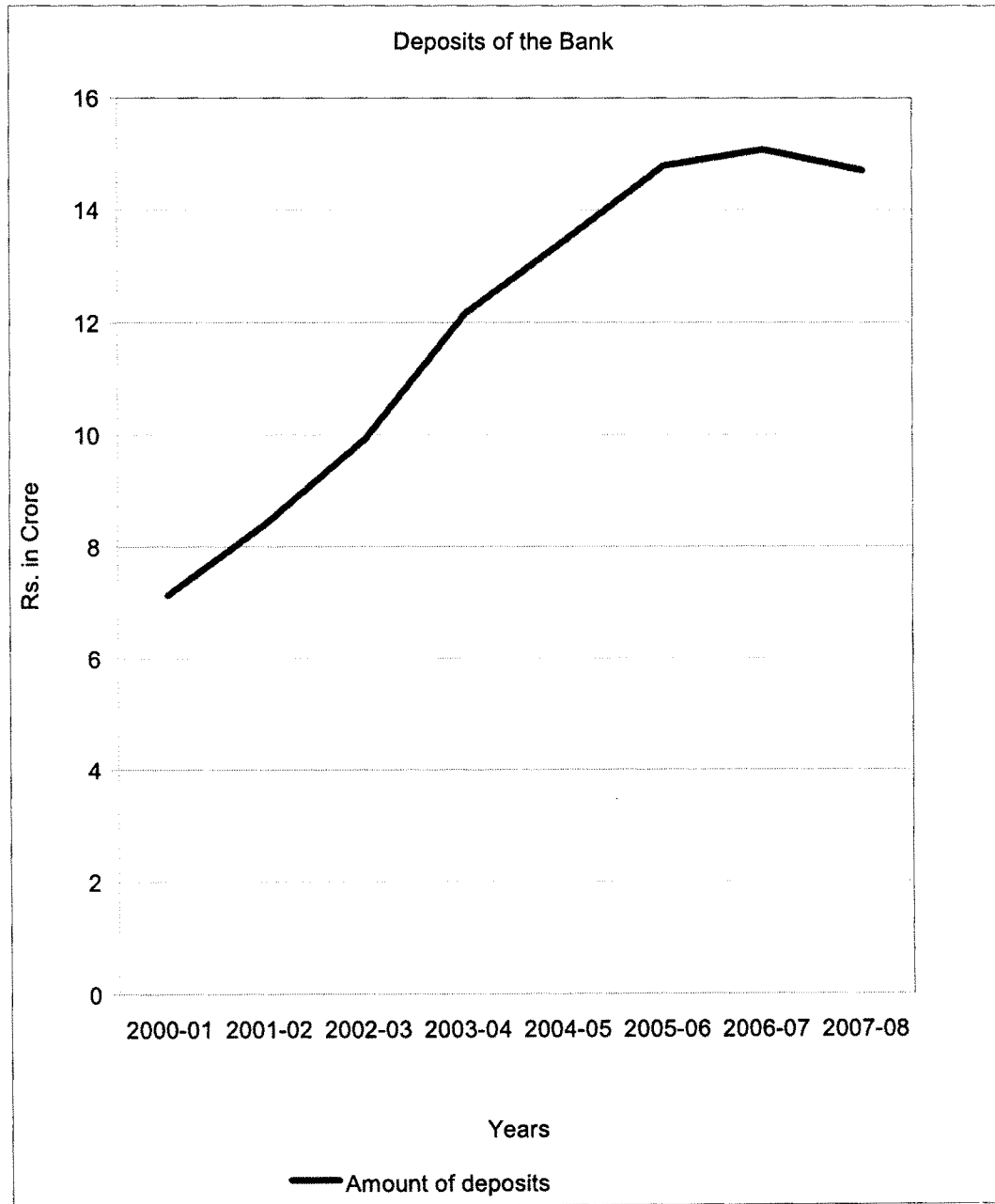


Table 4.4 Types of Deposits of The Rayat Sevak Co-operative Bank Ltd, Satara. Branch: Karad

| Year | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Deposits | | | | | | | | |
| Members monthly deposits(Rs.) | 3,15,82,374 (44.28%) | 3,45,64,544 (41%) | 3,95,70,855 (39.81%) | 4,32,66,860 (35.56%) | 4,75,83,467 (35.35%) | 5,37,76,001 (36.34%) | 5,80,43,882 (38.48%) | 6,12,81,947 (41.63%) |
| Reinvestment deposits(Rs.) | 1,77,16,783 (24.84%) | 2,31,55,906 (27.48%) | 2,69,85,472 (27.15%) | 4,04,09,256 (33.21%) | 3,88,88,508 (28.89%) | 3,58,96,625 (24.26%) | 3,12,05,121 (20.68%) | 2,52,00,464 (17.12%) |
| Saving Deposits(Rs.) | 47,52,104 (6.66%) | 69,90,337 (8.29%) | 78,10,393 (7.86%) | 86,13,341 (7.08%) | 88,61,723 (6.58%) | 1,26,75,277 (8.57%) | 1,58,19,423 (10.49%) | 1,39,36,884 (9.47%) |
| Current Deposits(Rs.) | 6,11,791 (0.86%) | 11,95,178 (1.42%) | 5,24,698 (0.53%) | 4,78,135 (0.39%) | 9,17,303 (0.68%) | 20,17,820 (1.36%) | 9,08,758 (0.60%) | 21,94,702 (1.49%) |
| Fixed Deposits(Rs.) | 93,56,080 (13.12%) | 97,38,687 (11.55%) | 1,19,41,225 (12.01%) | 1,48,78,246 (12.23%) | 92,67,678 (6.88%) | 79,53,354 (5.38%) | 72,69,815 (4.82%) | 1,26,07,587 (8.57%) |
| Cumulative Deposits(Rs.) | 18,68,950 (2.62%) | 25,47,325 (3.02%) | 31,40,450 (3.16%) | 31,36,300 (2.58%) | 40,63,975 (3.02%) | 40,86,550 (2.76%) | 39,54,200 (2.62%) | 36,11,400 (2.45%) |
| others Deposits(Rs.) | 54,33,473 (7.62%) | 61,01,924 (7.24%) | 94,26,074 (1.48%) | 1,08,93,188 (8.95%) | 2,50,38,443 (18.60%) | 3,15,58,105 (21.33%) | 3,36,57,669 (22.31%) | 2,83,58,352 (19.27%) |
| Total(RS.) | 7,13,21,555 (100%) | 8,42,93,901 (100%) | 9,93,99,167 (100%) | 12,16,75,326 (100%) | 13,46,21,097 (100%) | 14,79,63,732 (100%) | 15,08,58,868 (100%) | 14,71,91,336 (100%) |

Source - Annual reports of the Bank
In bracket shows % in total deposits

Table shows that

1. Monthly member's deposits are increased at highest rate because these deposits are collected from the salary of the members. In the year 2000-2001 the monthly member deposits Rs. 3,15,82,374 that is 44.28% on the total members deposits it is increased up to year 2007-08 Rs. 6,12,81,947. It is increased Rs. 2,96,99,573 up to year 2000-01 to 2007-08.
2. Reinvestment deposits shows increasing trend up to year 2000-01 to 2003-04 then decreased from the year 2004-05 to 2007-08 because in these year the interest on reinvestment deposits are lower and duration of this deposits is high. In the year 2003-04 the highest percentage in total reinvestment deposit that is 33.21%.
3. Total current deposits of the bank Rs. 88,48,385. The share of current deposits is the lowest because the number of accountholders from businessman category is comparatively less.
4. Fixed deposits are decreased in the year 2004-05 to 2006-07 because the bank has closed the facility of day's deposits. In the year 2007-08 the fixed deposit of the bank is Rs. 1,26,07,587 shows 8.57% in total fixed deposits.
5. Saving deposits and cumulative deposits fluctuate from the year 2000-01 to the year 2007-08.
6. Other deposits include Karmveer cash certificate, Shubhmangal deposit, and pension deposit and matured but not paid deposit.

Graph 4.2

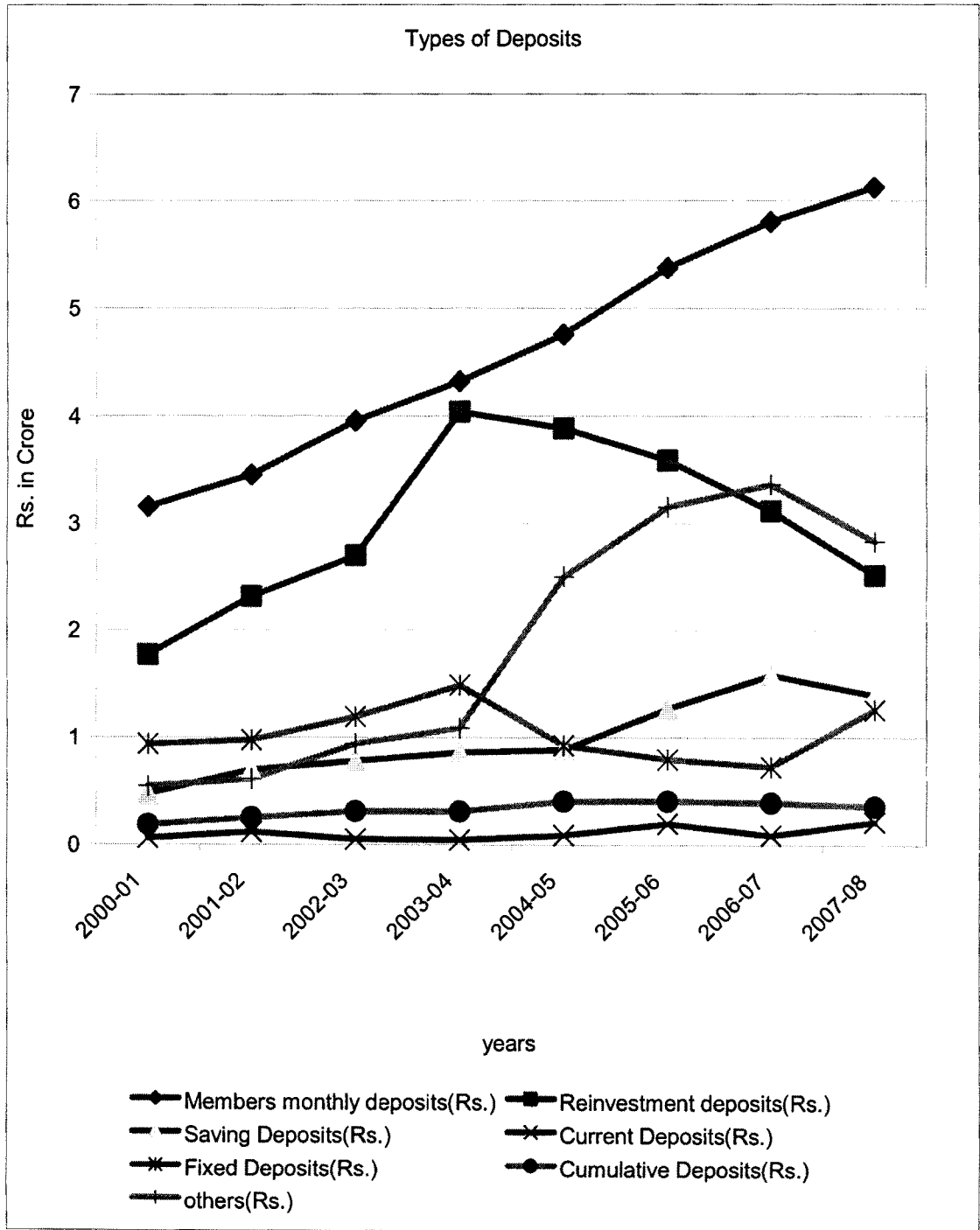


Table 4.5 Yearly Growth Rate of Deposits

| Year/ Deposits | Members Monthly Deposits (Rs.) | Reinvestment Deposits (Rs.) | Saving Deposits (Rs.) | Current Deposits (Rs.) | Fixed Deposits (Rs.) | Cumulative Deposits (Rs.) | Other Deposits (Rs.) |
|-------------------|-----------------------------------|--------------------------------|--------------------------|---------------------------|-------------------------|------------------------------|--------------------------|
| 2000-01 | 3,15,82,374 | 1,77,16,783 | 47,52,104 | 6,11,791 | 93,56,080 | 18,68,950 | 54,33,473 |
| 2001-02 | 3,45,64,544 (9.44%) | 2,31,55,906 (30.17%) | 69,90,337 (47.10%) | 11,95,178 (95.36%) | 97,38,687 (4.09%) | 25,47,325 (36.30%) | 61,01,924 (12.30%) |
| 2002-03 | 3,95,70,855 (14.48%) | 2,69,85,472 (16.54%) | 78,10,393 (17.73%) | 5,24,698 (-56.09%) | 1,19,41,225 (22.62%) | 31,40,450 (23.28) | 94,26,074 (54.48%) |
| 2003-04 | 4,32,66,860 (9.34%) | 4,04,09,256 (49.74%) | 86,13,341 (10.28%) | 4,78,135 (-8.87%) | 1,48,78,246 (24.60%) | 31,36,300 (-0.13%) | 1,08,93,188 (15.56%) |
| 2004-05 | 4,75,83,467 (9.98%) | 3,88,88,508 (-3.76%) | 88,61,723 (28.84%) | 9,17,303 (91.85%) | 92,67,678 (-37.71%) | 40,63,975 (29.58%) | 2,50,38,443 (129.85%) |
| 2005-06 | 5,37,76,001 (13.01%) | 3,58,98,625 (-7.69%) | 1,26,75,277 (43.03%) | 20,17,820 (119.97%) | 79,53,354 (-14.18%) | 40,86,550 (0.56%) | 3,15,58,105 (26.03%) |
| 2006-07 | 5,80,43,882 (7.94%) | 3,12,05,121 (-3.07%) | 1,58,19,423 (24.81%) | 9,08,758 (-54.96%) | 72,69,815 (8.59%) | 39,54,200 (-3.24%) | 3,36,57,669 (6.65%) |
| 2007-08 | 6,12,81,947 (5.94%) | 2,52,00,464 (-19.24%) | 1,39,36,884 (11.90%) | 21,94,702 (141.51%) | 1,26,07,587 (73.42%) | 36,11,400 (-8.67%) | 2,83,58,352 (-15.75%) |

Source - Annual reports of the Bank.
In bracket shows % of yearly growth of deposits

Table shows that-

1. Member's monthly deposit increases in the year 2000-01 to 2007-08. But the yearly growth of deposits decreased in the year 2006-07 and 2007-08. In the year 2006-07 shows the highest growth rate that is 13.01% in member's monthly deposit.
2. Reinvestment deposits shows that decreasing trend. In the year 2003-04 deposits shows highest growth rate that is 49.74%. After 2003-04 the reinvestment deposits shows minus growth rate because in these year interest on reinvestment deposits is lower and duration of this deposit is higher.
3. In the year 2007-08 current deposits shows highest growth rate that is 141.51%. The growth rate of current deposit fluctuates because the number of accountholders from businessman category is comparatively less.
4. In the year 2004-05 to 2006-07 shows minus growth rate in fixed deposits because in the year the deposits are lower in comparison to the previous year. In the year 2007-08 the highest growth rate in fixed deposits that is 73.42%.
5. Saving deposits and cumulative deposits shows decreasing trend. Others deposits also shows decreasing trend in the year 2004-05 others deposits shows highest growth rate that is 129.85%.

Table 4.6 Average Deposits per Account

| Year | Total Deposits (Rs.) | Account Holder (No.) | Deposit per Account (Rs.) |
|---------|----------------------|----------------------|---------------------------|
| 2000-01 | 7,13,21,555 | 4778 | 14,927 |
| 2001-02 | 8,42,93,901 | 5185 | 16,257 |
| 2002-03 | 9,93,99,167 | 5290 | 18,790 |
| 2003-04 | 12,16,75,326 | 6259 | 19,440 |
| 2004-05 | 13,46,21,097 | 6467 | 20,817 |
| 2005-06 | 14,79,63,732 | 6632 | 22,311 |
| 2006-07 | 15,08,58,868 | 6454 | 23,375 |
| 2007-08 | 14,71,91,336 | 6198 | 23,748 |

Source: Annual reports of Bank

Table shows that

1. The total number of account holder increased from 2000-01 to 2007-08. In the year 2005-06 the total number of account holder increases.
2. Loan per account increases from Rs. 16,865 in 2000-01 to Rs. 24,056 in 2007-08. It means that increase in loan per account during the period.
3. In the year 2007-08 the total loan decreases Rs. 14,71,91,356 as compared to year 2006-07 but the loan per account increases Rs. 23,748 because in this year total of account holder decreases that is 6158.
4. In the year 2003-04 shows average deposit per account.
5. In the year 2005-06 total number of account holder increases that is 6,632 at that time the deposit per account also increases that is Rs.22,311.
6. In the year 2000-01 the total deposits lower. The total account holder lower and also deposit per account lower.

4.4 Loans and Advances

In the beginning of present century the financial needs of the people were supported by the money lenders. They were charging very high rate of interest. In the clutches of their high interest, borrowers were entrapped. During this period the cooperative banks were established at certain areas with the main objective of inculcating the habit of the thrift among its members and extracting them from clutches of money lenders.

Lending is the basic function of banks which involves the process of granting of loans and advances. While loans and advances essentially mean lending of money, and are interchangeably used, there is an inherent difference between the two. The term advance is commonly used as a process of lending against certain underlined security such as shares, banks one fixed deposits, etc; whereas the term loan signifies the process of granting a loan which, as per its own tenor is classified as short term loan, say crop loan, working capital loan and repayable on demand and medium to long term loan repayable in installments.

Trend of the Loans and Advances

After considering the procedure of loan sanctioning, it is considerable to made attempt on what is trend of loan and advances, of the bank.

Table 4.7 The Trend of Loan and Advances of The Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad.

| Year | Amount Outstanding | Increased | Percentage (%) |
|----------------|--------------------|-------------|----------------|
| 2000-01 | 8,05,78,669 | 1,37,84,719 | 20.64 % |
| 2001-02 | 8,74,05,815 | 68,27,146 | 8.47 % |
| 2002-03 | 9,38,68,592 | 64,62,777 | 7.39 % |
| 2003-04 | 10,34,74,694 | 96,06,102 | 10.23 % |
| 2004-05 | 10,95,89,992 | 61,15,298 | 5.91 % |
| 2005-06 | 12,22,17,178 | 1,26,27,186 | 11.52 % |
| 2006-07 | 13,21,46,199 | 99,29,021 | 8.12 % |
| 2007-08 | 14,90,96,099 | 1,69,49,900 | 12.83 % |
| Average Growth | | | 10.64 % |

Source: Annual reports of the bank

The table shows that

1. The above table clearly shows that the amount of loans outstanding increased from Rs. 1,37,84,719 in 2000-01 to Rs. 1,69,49,900 in 2007-08. It means there increase in loans outstanding during the period.
2. The average rate of growth of loans outstanding is 10.64%.
3. In the year 2001-02, 03, 04, 05, 2006-07 the rate of growth of loans is less than the average rate of growth. On the other hand in the year 2000-01, 2005-06, 2007-08 the rate of growth of loans is higher than the average rate of growth.
4. In the year 2000-01 the rate of growth of loans is highest that is 20.64% and in the year 2004-05 the rate of growth of loans outstanding lowest that is 5.91% only.

Graph 4.3

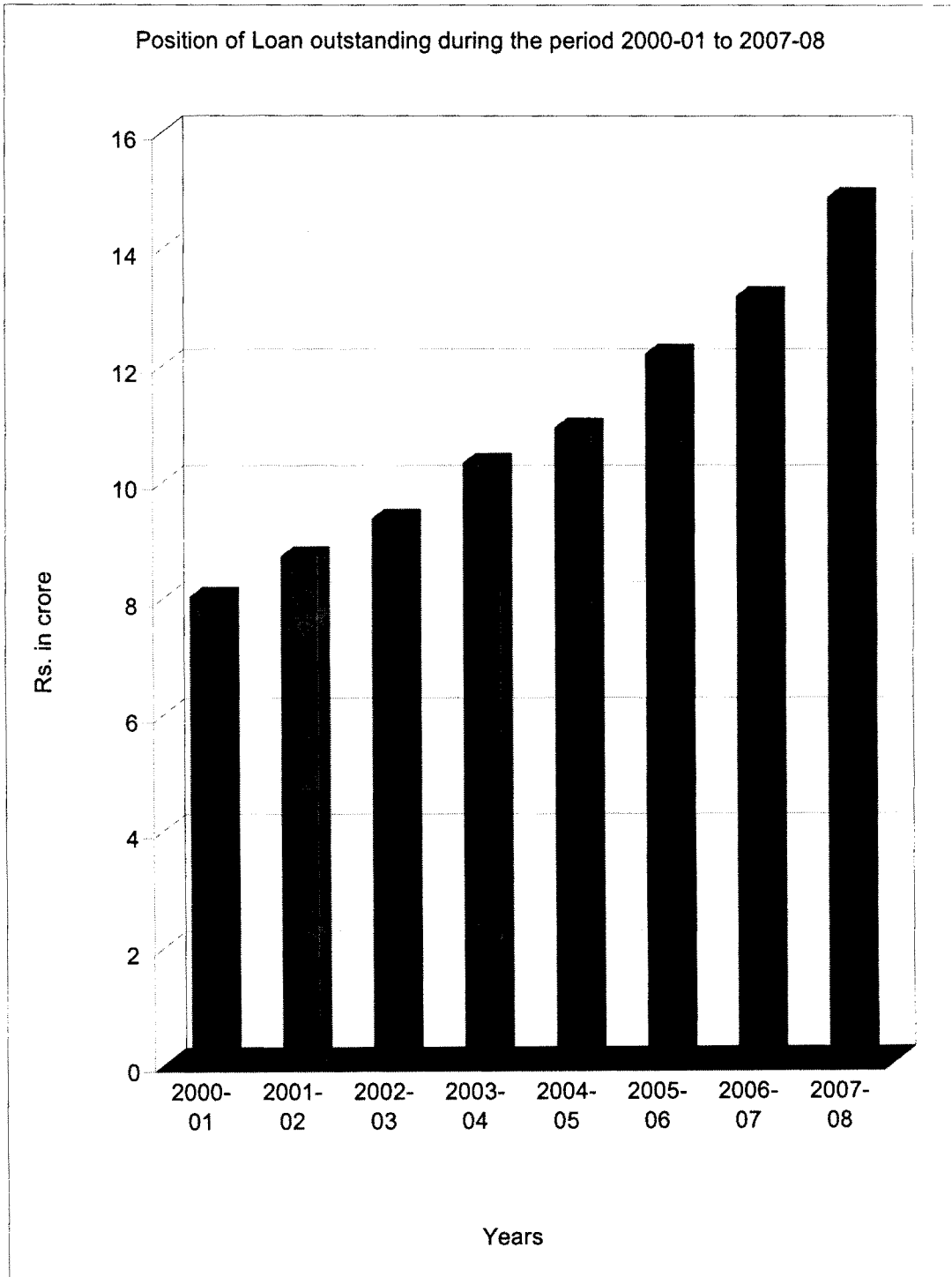


Table 4.8 Percentage In Total Loans And Advances

| Year | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Loans and advances | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Security Loan No.1 | 5,86,26,154 (72.76%) | 6,24,23,474 (71.42%) | 6,50,34,236 (69.28%) | 7,29,44,857 (70.50%) | 7,93,80,511 (72.43%) | 8,77,53,346 (71.80%) | 9,40,03,840 (71.14%) | 10,47,45,452 (70.23%) |
| Special(House) Loan | 1,53,77,444 (19.08%) | 1,83,89,820 (21.04%) | 2,10,50,160 (22.43%) | 2,26,90,912 (21.93%) | 2,13,19,746 (19.45%) | 2,46,15,316 (20.14%) | 2,56,04,619 (19.38%) | 3,12,55,033 (20.96%) |
| Security Loan No.2 | 56,19,556 (6.97%) | 54,69,209 (6.26%) | 62,78,513 (6.69%) | 61,86,784 (5.98%) | 60,34,151 (5.51%) | 70,25,330 (5.75%) | 96,35,739 (7.29%) | 92,54,576 (6.21%) |
| Loan Against Deposits | 6,89,570 (0.86%) | 9,27,990 (1.06%) | 10,23,500 (1.09%) | 8,57,634 (0.83%) | 12,55,287 (1.15%) | 10,70,058 (0.88%) | 9,63,427 (0.73%) | 11,30,795 (0.76%) |
| Special(House) Loan No.2 | - | - | 3,03,861 (0.32%) | 7,19,707 (0.69%) | 6,04,465 (0.55%) | 7,20,093 (0.59%) | 8,70,728 (0.65%) | 14,51,737 (0.97%) |
| Others | 2,65,945 (0.33%) | 1,95,322 (0.22%) | 1,78,322 (0.19%) | 74,800 (0.07%) | 9,95,832 (0.91%) | 10,34,035 (0.84%) | 10,67,846 (0.81%) | 12,58,506 (0.85%) |
| Total | 8,05,78,669 (100%) | 8,74,05,815 (100%) | 9,38,68,592 (100%) | 10,34,74,694 (100%) | 10,95,89,992 (100%) | 12,22,17,178 (100%) | 13,21,46,199 (100%) | 14,90,96,099 (100%) |

Source - Annual reports of the Bank.
In bracket shows % in total Loans and Advances

Table shows the following things:

1. The percentage of security loan no. 1 is the highest. It covers 70.25% of total loans given during the year 2007-08 because the limitations of loans increased.
2. Bank has given only secured loan.
3. The security loan no. 2 is at increasing trend because the loans satisfy maximum needs have members as well as they had greatest security in repayment.
4. The percentage of special house loan is higher that is 22.43% during the year 2002-03 because the bank decrease interest rate on loan.
5. Loans against deposits show decreasing trend.
6. Special house loan no.2 show increasing trend. The percentage of loan is the highest in 2007-08 that is 0.97%.
7. Other loans include vehicle loan special house loan no. 3 and cash credit.

Table 4.9 Average Loan per Account

| Year | Loans and Advances (Rs.) | Holder Account (No.) | Loan per account (Rs.) |
|---------|-----------------------------|-------------------------|---------------------------|
| 2000-01 | 8,05,78,669 | 4,778 | 16,865 |
| 2001-02 | 8,74,05,815 | 5,185 | 16,857 |
| 2002-03 | 9,38,68,592 | 5,290 | 17,745 |
| 2003-04 | 10,34,74,694 | 6,259 | 16,532 |
| 2004-05 | 10,95,89,992 | 6,447 | 16,946 |
| 2005-06 | 12,22,17,178 | 6,632 | 18,428 |
| 2006-07 | 13,21,46,199 | 6,454 | 20,475 |
| 2007-08 | 14,90,96,099 | 6,198 | 24,056 |

Source: - Annual reports of the Bank.

Table shows that

1. The number of account holder increased from 4778 in 2000-01 to 6198 in 2007-08.
2. In the year 2005-06 the total number of accountholder increases because in this year saving deposit holder and Karmveer cash deposit holder increases.
3. In the year 2007-08 total number of accountholder decreases because in this year saving deposit holder increases but Karmveer cash deposit holder decreases.
4. Loan per account shows increased from Rs. 16,865 in 2000-01 to Rs. 24,056 in 2007-08. It means there increase in loan per account during the period.
5. In the year 2007-08 loan per account shows highest that is Rs.24,056 and in the year 2003-04 loan per account decreases that is 16,532.

4.5 Expenditure

Expenditure means decreases in net financial resources. Expenditure include current operating expenses requiring the present or future use of net current assets....designers the cost of goods delivered or services rendered, whether paid or unpaid. Where accounts are kept on the accrual or modified accrual basis of accounting, cost are recorded when goods are received or service rendered. Payment of cash or transfer of property or services for the purpose of acquiring as asset of service.

Expenditure means total amount incurred if amounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis. Payment either in cash, assuming a liability, by surrounding asset the disbursement of appropriated funds to purchase goods or services.

**Table 4.10 Classification of Expenses of Rayat Sevak Co-operative
Bank Ltd; Satara. Karad: Branch**

| Sr. No. | Category | Types of Expenditure |
|---------|---|--|
| 1 | Interest Paid | a)Interest paid on deposits. b)Interest paid on loans. |
| 2 | Salaries and Allowances | a)Salary. b)Dearness Allowance. c)House Rent. d)Provident Fund (Bank Share). e)Allowance. f)Closing Allowance. g)Medical Allowance. |
| 3 | Depreciation and Repairs | a)Repairs. b)Depreciation on Fixture and other. c)Depreciation on Library. d) Depreciation on Building. e)Depreciation on Computer. f) Depreciation on Furniture and other. |
| 4 | Rent, Insurance and Tax | a)Rent. b)Insurance. c)Tax. d)Electricity. |
| 5 | Postage and Telephone | a)Postage. b)Telephone. |
| 6 | Printing and stationary | a)Printing and Stationary. |
| 7 | Director meeting and Travelling Allowance | a)Director meeting and Travelling Allowance. |

| | | |
|---|----------------|---|
| 8 | Other Expenses | a) Miscellaneous Expenses. b) Bank Commission. c) Employees Travelling and Allowance. d) Conferences. e) Subscription and Fee. f) Architect Fee. g) Computer Charges. h) Recovery Charges. i) Provision for Income Tax Account. |
|---|----------------|---|

The table shows that category of expenditure and type of expenditure on Rayat Sevak Co-operative Bank Ltd: Satara. Branch: Karad. The category of expenses include the interest, salary and allowances, depreciation and requires, rent rates and taxes, postage and telephone, printing and stationary, director meeting and travelling allowance and other expenses etc.

Table 4.11 Expenses of Rayat Sevak Co-operative Bank Ltd, Satara Branch, Karad

| Year | Name of Expense | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------|--|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Interest on Deposites (Rs.) | 83,22,923 (84.27%) | 1,00,14,038 (87.50%) | 1,09,08,772 (89.88%) | 1,12,57,299 (88.90%) | 1,14,27,391 (88.02%) | 1,15,47,438 (86.79%) | 1,17,25,183 (86.34%) | 1,17,64,973 (81.54%) |
| | Salary and Allowance (Rs.) | 6,94,690 (7.03%) | 9,62,185 (8.41%) | 10,54,755 (8.69%) | 11,37,692 (8.98%) | 12,56,446 (9.68%) | 14,46,674 (10.87%) | 15,34,977 (11.30%) | 14,70,170 (10.19%) |
| | Rent, Tax, Electricity etc. (Rs.) | 55,695 (0.56%) | 56,865 (0.50%) | 57,721 (0.47%) | 33,278 (0.26%) | 16,493 (0.13%) | 32,475 (0.25%) | 23,177 (0.17%) | 32,197 (0.22%) |
| | Postage and Telephone (Rs.) | 10,509 (0.10%) | 12,310 (0.11%) | 10,522 (0.09%) | 11,627 (0.09%) | 12,229 (0.09%) | 11,793 (0.09%) | 19,101 (0.14%) | 20,193 (0.14%) |
| | Dep. and Repairs (Rs.) | 38,142 (0.39%) | 28,998 (0.25%) | 27,673 (0.23%) | 1,42,567 (1.13%) | 1,84,548 (1.42%) | 1,82,346 (1.37%) | 1,84,393 (1.36%) | 1,60,808 (1.12%) |
| | Director meeting and Travelling Allowance (Rs.) | 10,983 (0.11%) | 8,860 (0.08%) | 32,002 (0.26%) | 25,241 (0.20%) | 24,962 (0.19%) | 18,163 (0.14%) | 27,356 (0.20%) | 38,367 (0.27%) |
| | Printing and Stationary (Rs.) | 31,313 (0.32%) | 33,243 (0.28%) | 24,162 (0.20%) | 23,121 (0.18%) | 32,045 (0.25%) | 20,235 (0.15%) | 18,877 (0.14%) | 36,423 (0.25%) |
| | Head office Interest (Rs.) | 7,00,089 (7.09%) | 3,14,699 (2.75%) | — | — | — | — | — | — |
| | Other Expenditures (Rs.) | 12,671 (0.13%) | 13,237 (0.12%) | 21,371 (0.18%) | 32,447 (0.26%) | 28,266 (0.22%) | 45,498 (0.34%) | 47,312 (0.35%) | 9,05,090 (6.27%) |
| | Total (Rs.) | 98,77,015 (100%) | 1,14,44,435 (100%) | 1,21,36,978 (100%) | 1,26,63,272 (100%) | 1,29,82,380 (100%) | 1,33,04,622 (100%) | 1,35,80,316 (100%) | 1,44,28,221 (100%) |

Source - Annual reports of the Bank.
In bracket shows % of total expenses.

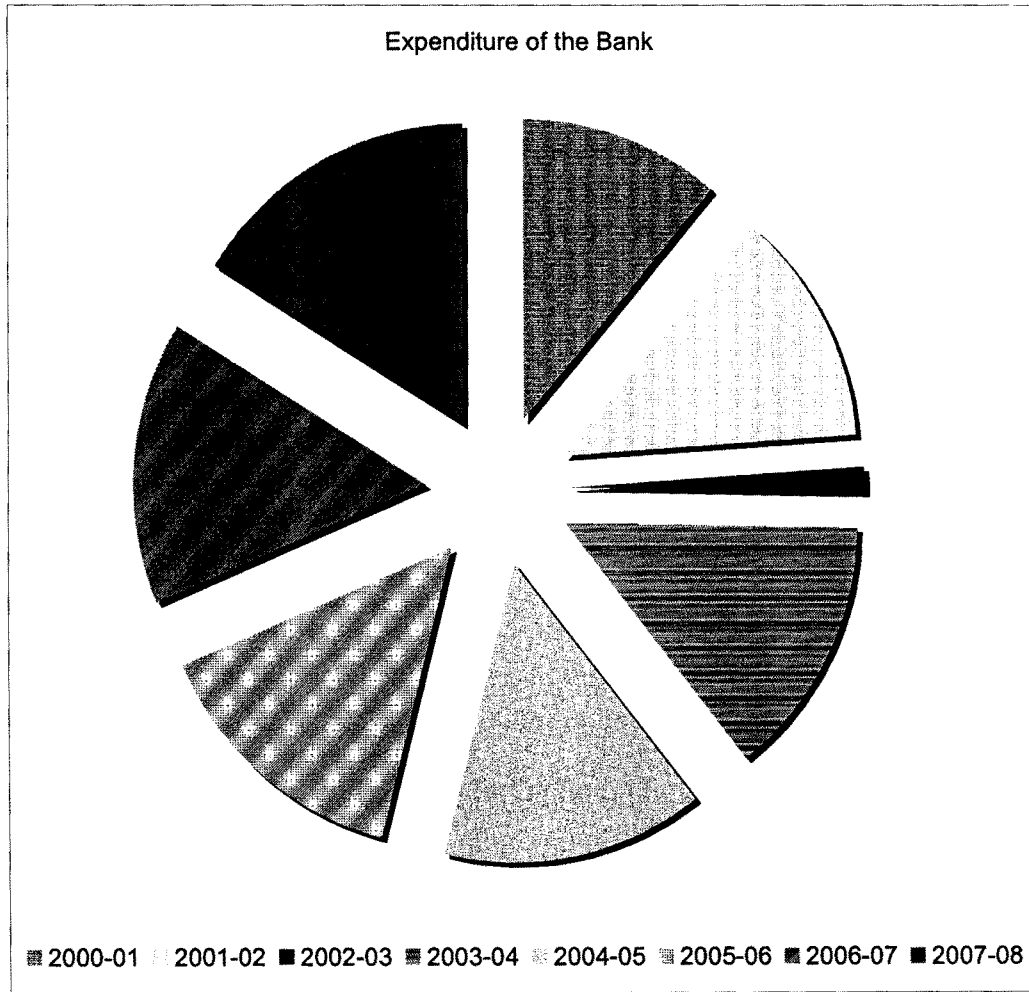
Table reveals increasing trend in the total expenditure of Rayat Sevak Co-operative bank Ltd: Satara: Branch: Karad from the year 2000-01 to 2007-08.

The total amount of expenditure for the year 2000-01 Rs.98,77,015 and it is increased up to Rs. 1,44,28,221 during the year ended on 31st Mar. 2008.

Table shows the following important facts:

1. Interest paid on deposits is the main part of expenditure of bank in the year 2003-04. Interest paid on deposits 89.88% of total expenditure it shows highest percentage.
2. The expenditure of salary and allowance is above 10% in the year 2007-08.
3. The amount of rent, tax, insurance, electricity etc. is decreasing since 2003-04 to 2007-08 because in the year 2003-04 the bank purchase own building and the amount of rent decreases in these years.
4. The amount of postage and telephone is negligible.
5. The expenses on depreciation and repairs are increases because depreciation on building and furniture increase, the bank purchase own building in the year 2003-04.
6. The expenditure on directors meeting and travelling allowance and printing and stationary is less than 1% in 8 years that is 2000-01 to 2007-08.
7. The expenditure on head office interest is only 2 years because the head office deposited amount on Karad Branch. In years 2002-03 to 2007-08 the Karad branch invest deposits to the head office.
8. In the year 2002-03 the percentage of interest paid on deposits is increased (by 89.88%) at highest rate because bank collected deposits from members on large. While this percentage more or less the same during the year.
9. The percentage of other expenses in the year 2000-01 is below 1% but it is increased in the year 2007-08 that is above 6%.

Pie chart 4.1



4.6 Sources of Income

Income refers to the consumption and savings opportunity by an entity with a specialized time frame, which is generally expressed in monetary terms. However, for households and individuals.” income is the sum of all the ways , salaries profits , interests payments, rents and other form of earning receivedIn a period of time”

Definition

The international accounting standard board:

“Income is increases in economic benefits during the accounting period in the form if inflows or enhancements of assets or decreases of liabilities that result in increase in equity, other than those relating to contributions from equity participating.”

Earning profit is not the main objective of cooperative banks. They are established mainly with the object of providing service and earning profit is secondary motive. Cooperative banks earn income mainly from interest received on loans and investment. Other sources of income are member subscription, dividend received, commission received.

The income of Rayat Sevak cooperative bank ltd; Satara branch; Karad for last eight year that is 2000-01 to 2001-02 to 2007-08 is analyzed on the basis of different types of income.

Table 4.12

Income of Rayat Sevak Co-operative Bank Ltd; Satara.
Branch: Karad.

| Year Income | Interest on Member Loan (Rs.) | Head Office Interest (Rs.) | Interest on Investment (Rs.) | Other Income (Rs.) | Total (Rs.) |
|----------------|-------------------------------------|----------------------------------|------------------------------------|-----------------------|-----------------------|
| 2000-01 | 1,10,63,182 (99.58%) | — | 34,791 (0.31%) | 12,376 (0.11%) | 1,11,10,349 (100%) |
| 2001-02 | 1,23,48,593 (99.69%) | — | 32,611 (0.26%) | 6,593 (0.05%) | 1,23,87,797 (100%) |
| 2002-03 | 1,25,68,888 (92.83%) | 9,30,935 (6.88%) | 32,073 (0.24%) | 7,724 (0.05%) | 1,35,39,620 (100%) |
| 2003-04 | 1,25,62,679 (88.95%) | 15,12,287 (10.71%) | 36,870 (0.26%) | 11,237 (0.08%) | 1,41,23,073 (100%) |
| 2004-05 | 1,18,80,017 (87.05%) | 16,83,964 (12.23%) | 68,471 (0.50%) | 14,940 (0.11%) | 1,36,47,392 (100%) |
| 2005-06 | 1,21,32,948 (86.42%) | 18,59,556 (13.25%) | 32,152 (0.23%) | 14,643 (0.10%) | 1,40,39,299 (100%) |
| 2006-07 | 1,30,52,503 (88.23%) | 6,07,492 (3.73%) | 288 (0.002%) | 14,859 (0.10%) | 1,47,93,436 (100%) |
| 2007-08 | 1,56,84,086 (96.18%) | 32,13,034 (2.05%) | 288 (0.001%) | 15,130 (0.09%) | 1,63,06,996 (100%) |

Source – Annual reports of the Bank

In the bracket show the percentage in total income

1. The total income for the year ended 31st Mar 2001 was Rs. 1,11,10,349. This amount of income is increased by Rs. 1,63,06,996 up to the year 2007-08. Total income of the bank shows increasing trend.
2. Income of the bank was increased by Rs.1,63,06,996. during the year 2007-08. This increase is at the highest level during the period of 8 years. (i.e. 2000-01 to 2007-08)
3. Interest received on members loan is the main source of income of the bank. In the year 2001-02 interest on member loan 99.69% of total income it shows highest percentage.
4. There is low increase in the amount of interest received on investment because bank withdraws fixed deposits from central district bank.
5. Income from other source is negligible i.e. less than 1%. It is mainly because of the high increase in the amount of loans and advances given by the bank.
6. There is wide fluctuation in the percentage of increase in income during the 8 years (i. e. 2000-01 to 2007-08). The percentage of income from interest received on members loan is (between 99.58% to 96.18%) more or less the same.
7. The percentage of increase from head office interest decreased between 6.88% to 3.73% because demand of loan increases hence the bank taken deposits from the head office.

The table 4.13 Profit or loss of Rayat Sevak cooperative bank Ltd;
Satara. Branch: Karad

| Year | Net Profit | Increase/Decrease |
|---------|------------|-------------------|
| 2000-01 | 12,33,333 | - |
| 2001-02 | 9,43,362 | -2,89,971 |
| 2002-03 | 14,02,642 | 4,59,280 |
| 2003-04 | 14,59,800 | 57,158 |
| 2004-05 | 6,65,011 | -7,94,789 |
| 2005-06 | 7,34,675 | 69,664 |
| 2006-07 | 12,13,119 | 4,78,444 |
| 2007-08 | 18,78,774 | 6,65,655 |

Table reveals the following tasks

1. During the year 2000-01, bank earned profit of Rs.12,33,333. While during the year 2001-02, bank has earned profit of Rs.9,46,362. But this profit decreased Rs.2,89,971 as compared to the year 2000-01.
2. There is the highest increase in the profit by Rs.18,78,774 because income increases during the year 2007-08.
3. Profit decreased by Rs.7, 94,789 during the year 2004 – 05 because during this year expenditure on salary and allowance, interest paid increased.
4. The profit of the bank shows increasing trend during the period of eight years because bank has offers various schemes of loans and deposits to attract the member and to satisfy their needs.

4.8 Non –performing asset

An asset is classified as non-performing asset (NPAs).If dues in the form of principal and interest are not paid by the borrower for a period of 180 days. However with effect from march 2004 default status would be given to borrower if dues are not paid for 90 days .if any advance or credit facilities granted by bank to a borrower becomes non-performing then the bank will

have to treat all the advances/credit facilities granted to that borrower as non-performing without having any regard to the fact that there may still exist certain advances/credit facilities having performing status.

In the case of loss assets, guidelines specifically require that full provision for the amount outstanding should be made by the concerned bank. This is justified on the grounds that such on asset is considered uncollectible and cannot be classified as bankable asset.

Also in case of doubtful asset guidelines required the bank concerned to provide entirely the unsecured portion and in the case of secured portion an additional provision of 20% - 50% of secured portion should be made depending upon the period which the advance has been considered as doubtful.

For instance for NPAs which are the up to I-year old, provision should be made of 20% of secured portion, in case of 1-3 year old NPAs up to 30% of the secured portion and finally in the case of more than 3 year old NPAs up to 50% of secured portion should be made by the concerned bank.

In the case of sub standard asset, a general provision of 10% of total outstanding should be made. Rayat Sevak Co-operative Bank having provision of overdues as a NPA. The position is as follows.

Table 4.14 NPAs of Rayat Sevak co-operative bank Ltd; Satara.
Branch: Karad.

| Year | NPA (Rs) (Overdues) | Total loans (Rs.) | Percentage |
|---------|------------------------|----------------------|------------|
| 2000-01 | 81,325 | 80578669 | 0.10% |
| 2001-02 | 31,571 | 87405815 | 0.03% |
| 2002-03 | 96,570 | 93868592 | 0.10% |
| 2003-04 | 50,450 | 103474694 | 0.04% |
| 2004-05 | 1,91,567 | 109589992 | 0.17% |
| 2005-06 | 61,086 | 122217178 | 0.04% |
| 2006-07 | 2,26,550 | 132146199 | 0.17% |
| 2007-08 | 2,00,155 | 149096099 | 0.13% |

Table shows that:

1. Percentage of NPA was 0.10% during the year 2000-01.
2. Provision for NPA shows increasing trend.
3. The percentage of NPA has increased during the year 2004- 2005 and 2006-2007 by 0.17%.
4. The percentage of NPA show decreasing trend since 2001-02.
5. The percentage of NPA has been reduced due to increasing provision for NPA.

4.9 Business per employee

The average business per employee in an improved measure of efficiency of employee because the total business combines both deposits and advances. The intermediation process between savers and borrowers becomes complete when deposits mobilized are lent to borrowers changed in different types of business activities.

Table 4.15 The average business per employee of Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad.

| Year | Loans and Deposits (Rs.) | Number of employee | Business per Employee (Rs.) | Increase (Rs.) | Percentage |
|---------|--------------------------|--------------------|-----------------------------|----------------|------------|
| 2000-01 | 15,19,00,224 | 8 | 1,89,87,528 | - | - |
| 2001-02 | 17,16,99,716 | 8 | 2,14,62,464 | 2474936 | 13.03% |
| 2002-03 | 19,32,67,759 | 8 | 2,41,58,470 | 2696006 | 12.56% |
| 2003-04 | 22,51,50,020 | 8 | 2,81,43,752 | 3945282 | 16.50% |
| 2004-05 | 24,42,11,089 | 8 | 3,05,26,386 | 2382634 | 8.47% |
| 2005-06 | 27,01,80,910 | 8 | 3,37,72,614 | 3246228 | 10.63% |
| 2006-07 | 28,30,05,067 | 8 | 3,53,75,633 | 1603019 | 4.75% |
| 2007-08 | 29,62,87,435 | 7 | 4,23,26,776 | 6951143 | 19.65% |

Table shows that:

1. The average business per employee of bank has increased throughout the study period.
2. The average business per employee of bank increased from Rs.189.87 lacks in 2000-01 to Rs.423.26 lacks in 2007-08 – an improvement of 2.2 times.
3. In the year 2007-08 the business per employee has highest that is Rs.423.26 lacks and also percentage highest that is 19.65% .
4. In the year 2003-04 shows that the average of the business per employee that is Rs.281.43 lacks.
5. In the year 2006 -2007 shows that the lowest increased in business per employee and also shows lowest percentage that is 4.75%.
6. In the year 2007-08 the business per employee shows highest growth that is Rs.423.26 because in this year the number of employee reduced.

4.10 Audit class

The bank has obtained audit class 'A' continuously because of various reasons as follows

- a) The banks are classified as class A, B, C and D from the audit point of view. The audit class depends upon the financial position of the bank.
- b) The auditor examines whether the bank has kept day to day recordings of its transactions. He examines that asset shows in the balance sheet are in existence.
- c) He checks the amount of deposits, loans and advances.
- d) He observes the overdue of the bank.
- e) On the basis of his observation and fact audit class is given to the bank.
- f) Rayat Sevak Co-operative Bank Ltd; Satara Branch; Karad has fulfilled all the conditions for obtaining audit class 'A' during eight years from 2000-01 to 2007-08.
- g) Audit class is given on completion of audit. Audit class may be one of the A, B, C and D.

Audit class indicates that –

‘A’ = Excellent.

‘B’ = Good/Medium quality.

‘C’ = General/Lower quality.

‘D’ = Dad/Poor quality.

While giving audit class the following factors is considered:

1. Life is the cooperative bank.
2. Efficiency of the bank in operations.
3. Up to date accounts.
4. Satisfactory rectification of the reports.
5. Financial stability.
6. Staff and their efficiency.
7. Internal control system.
8. Managerial skill.
9. Overdue.

Table 4.16 Audit Class of Rayat Sevak Co-operative Bank Ltd;
Satara. Branch: Karad

| Year | Audit Class |
|---------|-------------|
| 2000-01 | A |
| 2001-02 | A |
| 2002-03 | A |
| 2003-04 | A |
| 2004-05 | A |
| 2005-06 | A |
| 2006-07 | A |
| 2007-08 | A |

From the table, it seems clearly that working of the Rayat Sevak Co-operative Bank Ltd; Satara. Branch: Karad is excellent and satisfactory. It has obtained audit class A since 2000- 2001 to 2007- 2008.