

Chapter IV

Analysis & Interpretation

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Bank Ltd Satara**
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Chapter – IV Analysis & Interpretation

4.1 Management of the Rayat Sevak Co-Operative

Bank Ltd. Satara

4.1.1 Introduction-

Theory of management gives the idea of management but management used in practice i.e. a 'Management Practice'. Earlier chapter provides a theoretical background and this chapter will be provide how to bank used the management functions.

A good management is very essential to each and every organization. Bank is one of the financial institution. So it also follows the management functions. Aspect of the management and area of the bank operations are represented through this chapter.

I described the functions of management in this chapter. Broadly speaking the planning, organizing , staffing, directing, motivating, communicating, leadership and controlling.

4.1.2 Planning:-

Planning means deciding in advance what is to be done how, when and where it is to be done and by whom. Planning is a primary

function of management and other functions follows planning. The work of a manager starts with programmes. For their accomplishment. Thus planning involves forecasting or anticipation of future events, planning makes possible to compare the actual results and find out whether there is any deviation.

The Rayat Sevak co-operative Bank followed this function by using budget. They prepares budget for the coming year and the bank working for the fulfillment of the targets fixed in the annual budgets. As the working of the bank is associated with planning. It helps to compare the actual results and find out whether there is any deviation.

Following tables will be evaluate the fulfillment of the bank.

4.1.2.1 Loans And Advances :- Target And Achievement.

Following tables shows the loan target/budget and achievement of the Rayat Sevek Co-Operative Bank.

➤ **Head office.**

Table No. 4.1.1

Loans & Advances Target and Achievement of Head Office

(Rs. – In Lakhs)

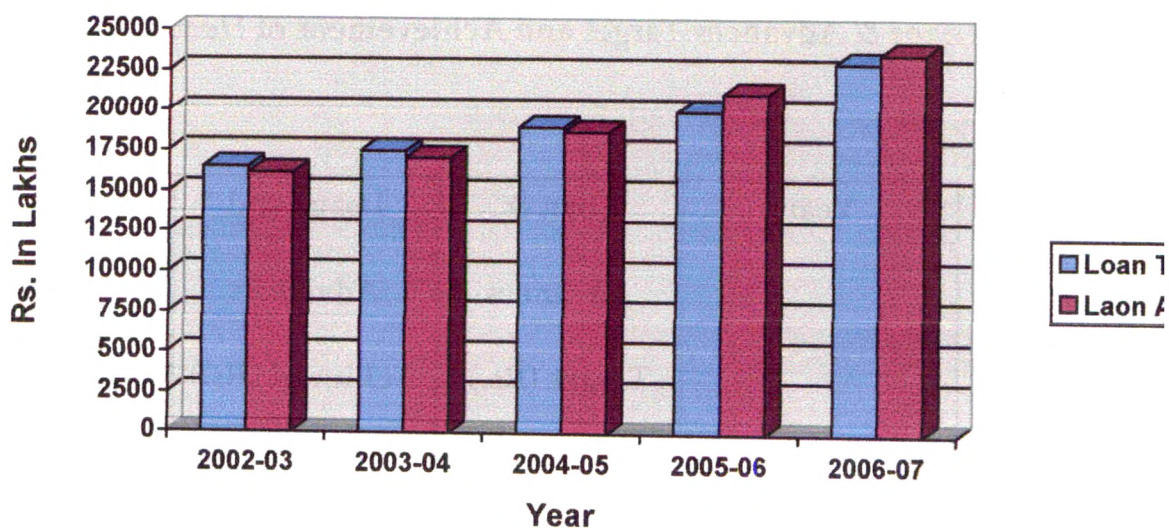
Year	Loan & Advances Target (Rs.)	Loans and Advances Achieved (Rs.)	% of column 3 to 2 (%)
2002-03	16500	1613694	98.22 %
2003-04	17500	17306.13	97.50 %
2004-05	19000	18722.62	98.35 %
2005-06	20000	2108.23	102.37 %
2006-07	23000	23572.29	10.65 %

Above table shows that there was a short fall in the loan target and achieved during the year from 2002-03 to 2004-05. i.e. 2.2%, 1.1% and 1.45 % respectively and there was some increaser in loan

target achieved in the year 2005-06 to 2006-07 by 5.45 % and 2.49 % respectively.

The description shows the differences between the target achieved was very low which is negligible.

Loan Target and Achievement of Head Office



➤ Sangli Branch

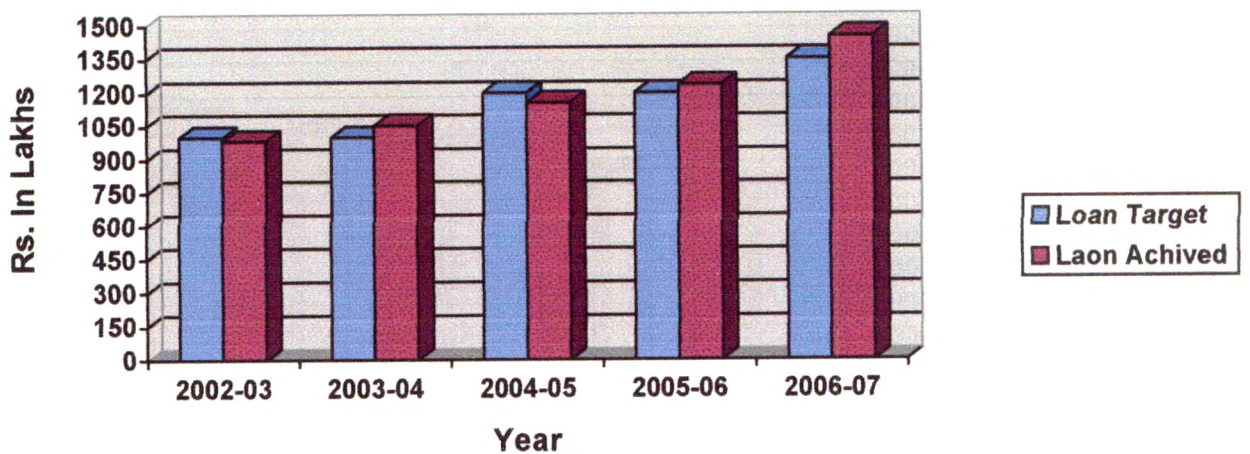
Table No.4 .1.2

Loans & Advances Target and Achievement of Sangli Branch

Year	Loan & Advances Target (Rs.)	Loans and Advances Achieved (Rs)	% of column 3 to 2 (%)
2002-03	1000.00	983.32	98.33 %
2003-04	1000.00	1054.89	105.29 %
2004-05	1200.00	1155.81	96.32 %
2005-06	1200.00	1234.78	102.90 %
2006-07	1350.00	1448.26	107.27 %

Above table shows that there was a short fall in the loan target and achieved during the year from 2002-03 and 2004-05. i.e. 1.67 % and 3.68 % respectively and there was some increases in loan target achieved in the year 2003-04, 2005-06 and 2006-07 by 5.29 % , 2.90 % and 7.27 % respectively.

Loan Target and Achievement of Sangli Branch



➤ Vita Branch

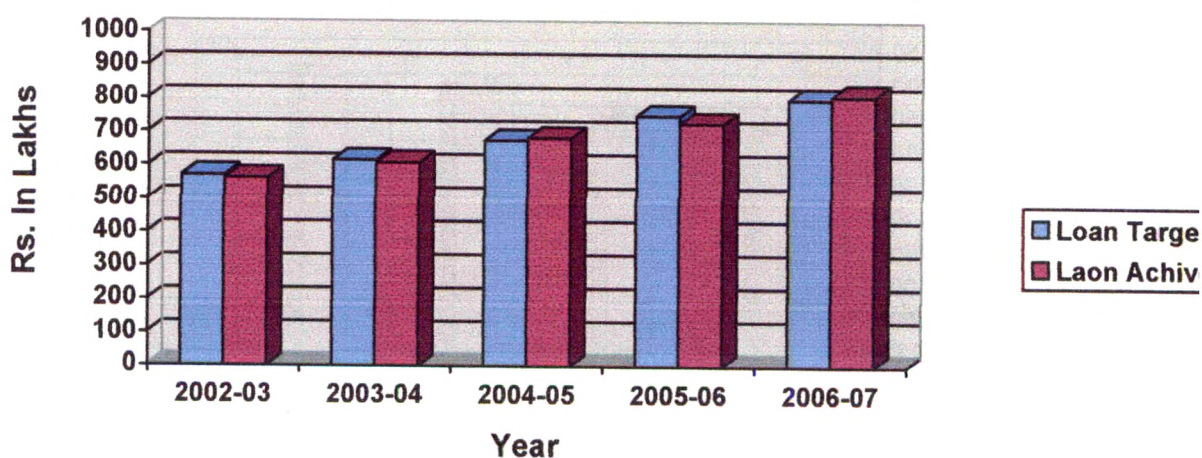
Table No. 4.1.3

Loans & Advances Target and Achievement of Vita Branch

Year	Loan & Advances Target (Rs.)	Loans and Advances Achieved (Rs.)	% of column 3 to 2 (%)
2002-03	570.00	562.36	98.55 %
2003-04	615.00	609.78	99.15 %
2004-05	675.00	683.99	101.33 %
2005-06	750.00	727.24	96.96 %
2006-07	800.00	811.38	101.42 %

Above table shows that there was a short fall in the loan target and achieved during the year from 2002-03, 2003-04 and 2004-05. i.e. 1.35 %, 0.85 and 3.04 % respectively and there was some increases in loan target achieved in the year 2004-05 and 2006-07 by 1.33 % and 1.42 % respectively.

Loan Target and Achievement of Vita Branch



4.1.2 .2 Mobilisation Of Deposit :- Target And Achievment

Following table shows the deposit target and achieved by the bank.

➤ Head Office.

Table No. 4.1.4

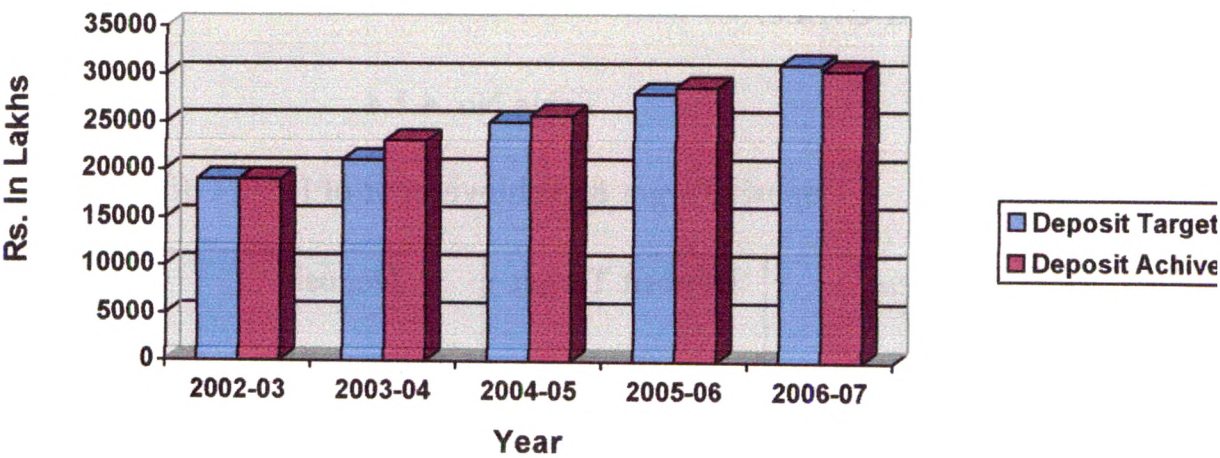
Deposit Target & Achievement of Head Office.

Year	Deposit Target (Rs.)	Deposit Achieved (Rs.)	% of column 3 to 2 (%)
2002-03	19000.00	18971.14	99.84 %
2003-04	21000.00	23075.93	109.88 %
2004-05	25000.00	25603.54	102.65 %
2005-06	28000.00	28679.41	101.59 %
2006-07	31000.00	30393.62	98.04 %

Above table shows that there was a short fall in the deposit target and achieved during the year from 2002-03 and 2006-07. i.e. 0.16 % and 1.96 % respectively. There was some increases in loan target achieved in the year 2003-04 and 2005-06 by 9.88 % , 2.65 % and 1.59 % respectively.

The difference between the deposit target and achieved is very low which is negligible.

Deposit target & Achievement of Head Office



➤ Sangli Branch

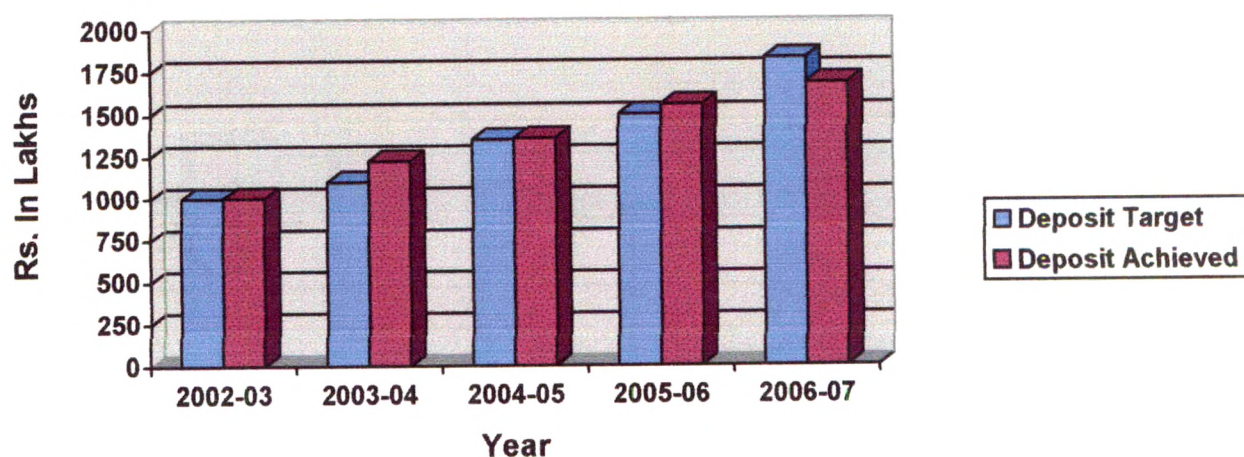
Table No.4.1.5

Deposit Target & Achievement of Sangli Branch.

Year	Deposit Target (Rs.)	Deposit Achieved (Rs.)	% of column 3 to 2 (%)
2002-03	1000.00	1005.85	100.58 %
2003-04	1100.00	1221.43	111.03 %
2004-05	1350.00	1357.02	100.52 %
2005-06	1500.00	1554.81	103.65 %
2006-07	1825.00	1679.35	92.00 %

Above table shows that there was a short fall in the deposit target achieved only in the one year from only i.e. 2006-07 by 8 %. There was increases in deposit target achieved in the year 2002-03 to 2005-06 by 0.58 % , 11.03 % , 0.52 % and 3.65 % respectively.

Deposit target & Achievement of Sangli Branch



➤ Vita Branch

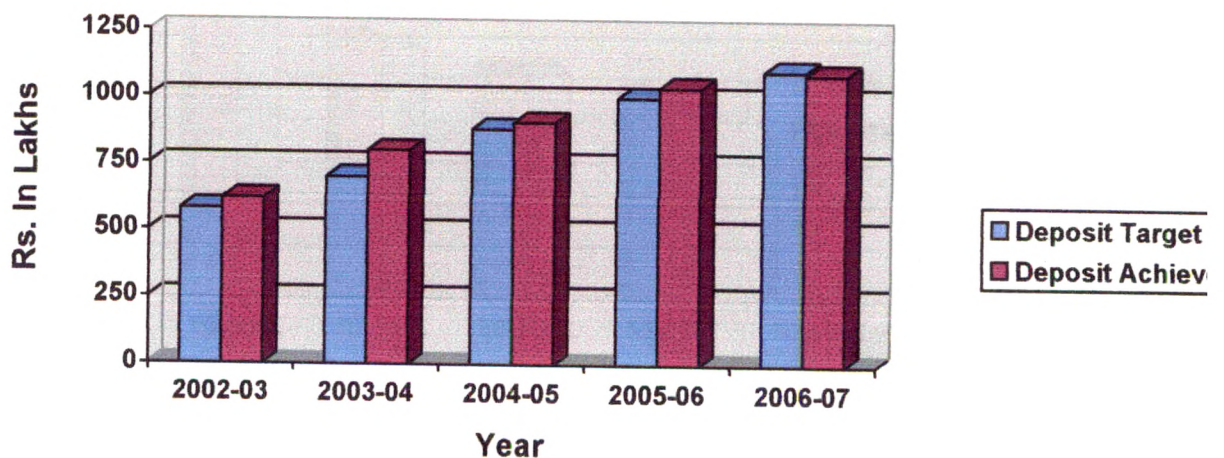
Table No. 4.1.6

Deposit Target & Achievement of Vita Branch

Year	Deposit Target (Rs.)	Deposit Achieved (Rs.)	% of column 3 to 2 (%)
2002-03	580.00	620.69	107.01 %.
2003-04	700.00	800.08	114.30 %.
2004-05	880.00	905.72	102.92 %.
2005-06	1000.00	1038.16	103.82 %.
2006-07	1100.00	1088.86	98.99 %.

Above table shows that there was a short fall in the deposit target and achieved in the year 2006-07 by 2.99 %. There was some increases in deposit target achieved in the year 2002-03 to 2005-06 by 7 %, 14.30 %, 2.92 % and 3.82 % respectively.

Deposit target & Achievement of Vita Branch



4.1.2.3 Profit Target And Achievement

The following tables shows the budgeted surplus and actual surplus of Rayat Sevak Co-operative Bank and his Sangli and Vita branches.

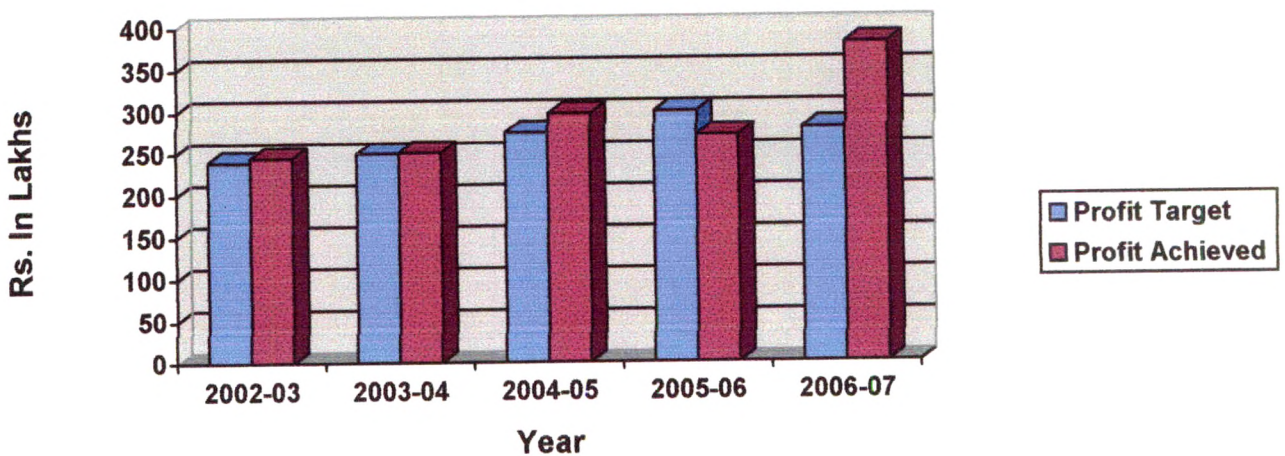
➤ Head office.

Table no. 4.1.7

Profit Target And Achievement of Head office.

Year	Profit Target (Rs.)	Profit Achieved (Rs.)	% of column 3 to 2 (%..)
2002-03	240.00	245.27	102.20 %.
2003-04	250.00	250.41	100.16 %.
2004-05	275.00	297.02	108.00 %.
2005-06	300.00	271.89	90.63 %.
2006-07	280.00	180.24	64.37 %.

Profit Target & Achievement of Head Office



Above table shows that the bank never achieved the budgeted surplus in the year 2005-06 and 2006-07 by 9.37 % and 35.63 % respectively. But there was increase or equal levels in the year 2002-03 to 2004-05 by 2.20 %, 0.16 %, and 8 %, respectively.

➤ Sangli Branch

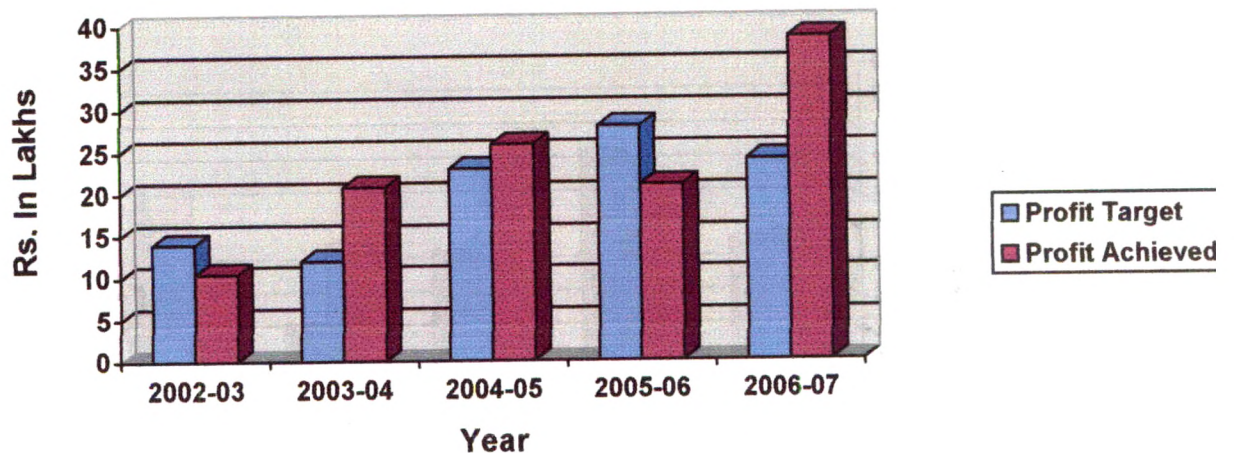
Table No 4.1.8

Profit Target And Achievement of Sangli Branch

Year	Profit Target (Rs.)	Profit Achieved (Rs.)	% of column 3 to 2 (%..)
2002-03	14.00	10.45	74.64 %.
2003-04	12.00	20.82	173.5 %.
2004-05	23.00	25.84	112.35 %.
2005-06	28.00	21.04	75.14 %.
2006-07	24.00	38.45	160.20 %.

Above table shows that bank never achieved the budgeted surplus in year 2002-03 and 2005-06 by 25.30 % and 24.80 % respectively. But there was increase in the year 2003-04, 2004-05 and 2006-07 by 73.57 %, 12.35 % and 60.20 % respectively.

Profit Target & Achievement of Sangli Branch



➤ Vita Branch

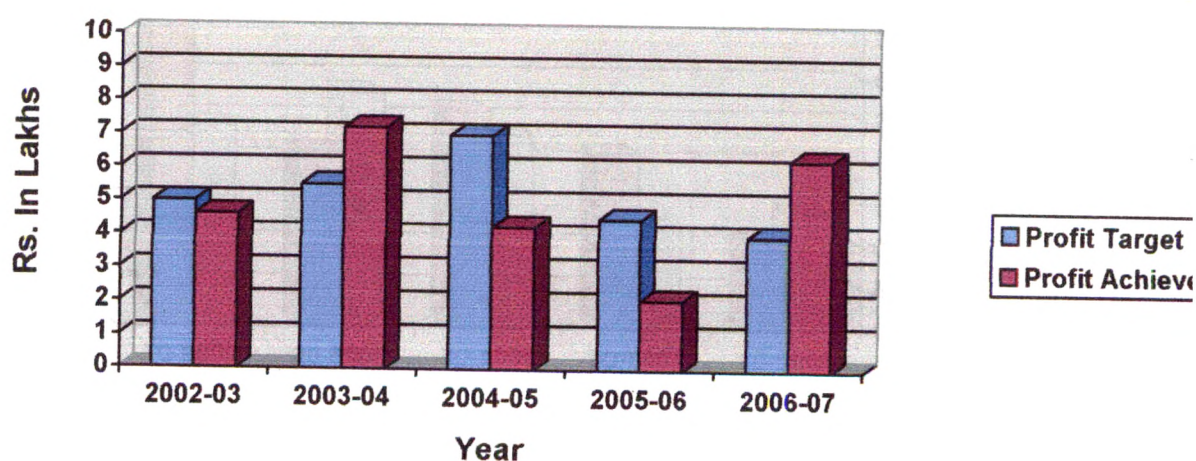
Table No.4.1.9

Profit Target And Achievement of Vita Branch

Year	Profit Target (Rs.)	Profit Achieved(Rs.)	of column 3 to 2 (%)
2002-03	5.00	4.61	92.2 %.
2003-04	5.50	7.22	131.28 %.
2004-05	7.00	4.25	60.71 %.
2005-06	4.50	2.10	47.00 %.
2006-07	4.00	6.29	157.25 %.

The above table shows that there was a increase in the year 2003-04 and 2006-07 by 31.28 % and 57.25 % respectively and bank never achieved the targeted profit in the year 2002-03, 2004-05, and 2005-06 by 7.8 %, 39.29%, and 53 % respectively.

Profit Target And Achievement of Vita Branch



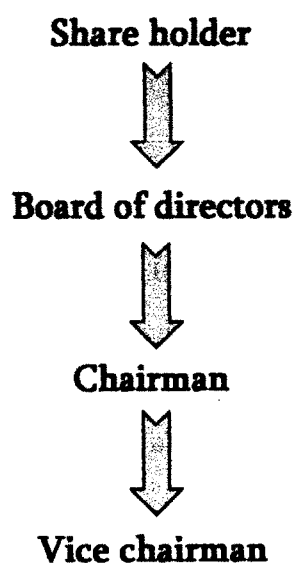
4.1.3 Organizing

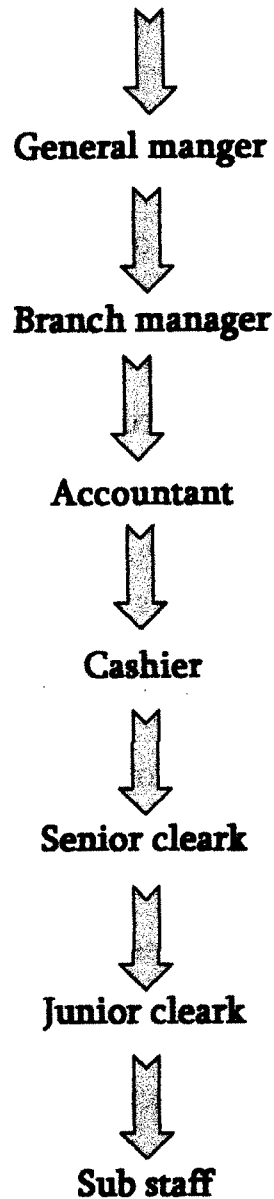
Organizing becomes one of the most important or basic function of management organization creates order and system. It determines authority and responsibility relationship.

*** Organizational structure**

Organization structure is based on the principle of division of work assignment of duties delegation of authority and fixation of responsibility and co-ordination. In establishing an organization structure the most important concept to keep in mind is the need to have it functional and it must efficiently serve year purpose.

The organizational set up of the bank is based on following organizational structure.





In banking, Board Of Directors plays a several key roles. Share holder are the real owner of the bank but because of their large number and geographical distance it is not practical for them to participate in the day to day management. As such they take part in the administration of board of directors elected by them and they

give their approval or disapproval to the decisions and actions of the board of directors in their general meetings.

Board of directors selecting the two best qualified person for the post of chairman and vice – chairman. Eighteen directors selected form the members of bank from these 18 directors following seats are reserve.

- ★ Two working members from Satara, Sadar Bazaar Satara, Shivaji College Parisar Satara, Karad, Dahiwadi, Pandharpur And Lonand area.
- ★ Two working member form Ahmednager, Shrirampur, Kopergaon, Karjat, And Adgoan-Nashik area.
- ★ One working member from Aundhgoan – Pune Manchar, Barmati And Hadasar-Pune area.
- ★ One working member from Sangli, Vita, Kolhapur area.
- ★ Two female member
- ★ Four member in reserve category. According to the Government Rule.

The chairman is the highest authority of the bank. The chairman preside over the meeting of the board. In the absency of

chairman the vice- chairman look after the administration and management. Board of director are responsible to share holder, depositors and customers of the bank.

Managers act as a people in achieving effective co-ordination up ward and down ward.

4.1.4 staffing

Staffing means recruitment of suitable persons for different Posts. While making recruitment of suitable persons for different Posts. and making postings the principle of 'proper man at proper place'. Must be kept in view. Staffing also includes provisions of training to personnel to increases the efficiency.

Following points shows the selection and promotion process used in the Rayat Sevak C-operative Bank.

4.1.4.1 Employees Selection Process in the Bank.

Firstly bank publish the add in the news papers. Interested candidates apply for the posts within a specific period bank collects the application forms from the candidates. But at time of selection bank gives preference to the member relatives. Members relatives include his daughter, husband – wife, brother-sister only.

4.1.4.2 Promotion of the Employees

Promotion process proceeds by seniority. But basic educational qualification also required for the posts.

Following table shows the posts and required basic qualification.

Table No.4.1.10

Promotion Of The Employees

Sr. No.	Designation	Basic qualification
1	Clerks	Any Graduation
2	Assistant accountant	Graduation and G.D.C. and A
3.	Manager (general / branch)	Graduation and G.D.C. and A

4.1.5 Directing

In order to get the things done from others it is necessary to issues orders and instructions to staff members. In Sangli and vita branch managers guide, Counsel and supervise subordinate in their work. General manager guides to Sangli and vita branch manager.

Bank employee work for fulfilling the bank objectives. For this purpose necessary guidelines must be provided to the sub-ordinates.

So bank manger work as a leader and he guide, counsel and supervise his staff members.

Bank gives permission to employees for attending the important work shop. It helps to improve the employees work efficiency.

4.1.6 Motivating

You can buy a mans time, you can buy a mans physical presence at a given place, but you can not buy his enthusiasm, initiative or loyalty. This enthusiasm or willingness to work can be created by motivation. This Dr.S.C. Sakscnas remark shows the importance of motivation in any organization.

Motivation is a psychological act which attracts the employees to do more work and encourages.

In the Rayat Sevak Co-operative Bank following are the motivators.

- ★ Chairman
- ★ Vice chairman
- ★ General manager
- ★ Branch manager

Board of directors observes the work of manager and employees and they encourages to them for improving their work. B.O.D. gives suitable job environment to the employees. Chairman and vice – chairman continuously contact and support to the general manager and branch manager.

General manager, Sangli and vita branch manager are the good motivators. They encourage his assistant to work effectively by ensuring supportive face to face relationship and developing a positive attitude. They develops a friendly relationships to the staff members.

4.1.7 Communicating

Communication is a mutual transfer of information and understanding, communication involves exchange of ideas and information to create common understanding. Subordinates responsible for doing a job are required to inform to their superior about what has been done or what is being done. Communication also leads to sharing of information, ideas and knowledge.

In order to find out the present communication in bank, I discussed with the General Manager, Sangli and Vita branch

managers. Before the manager takes a particular decision they are fully aware of the present situation. Manager continuous collect the information from all the section of the bank.

The important ways of communication of information is the bank are reports and meetings

4.1.7.1 Reports

Following reports submitted by the branch manager and internal auditors.

4.1.7.1.1 Manager report

This is very informative report. The branch manager send these report to the head office every month and general manager presents these reports to the chairman. This report gives a complete picture of the bank.

Following reports collects the branch manager from the employees

1. daily report
2. balance sheet, profit and loss a/c weekly
3. day book
4. cash book
5. monthly reports

Above these reports managers send to the head office every month. These above reports shows the progress of performance of each section in the bank. It also provides information about the cash position, deposit position, allocate and recovery of loan position .etc.

4.7.1.1.2 Internal Auditors Report

Internal auditor is appointed by the head office. Every 3 months internal auditors checks the every branch transactions and submit the report to head – office.

4.1.7.2 Meetings

Following meetings held by the bank:-

4.1.7.2.1 Head Office Level

Board meeting employees committee meeting. Investments committee meeting, purchase committee meeting, enquiry committee meeting and branch manager meeting held at a H.O. level.

4.1.7.2.1.1 Board Meeting.

These meetings is held at every month. Chairman, vice – chairman, B.O.D. and general manager of the bank are participates in this meeting. The object of this meeting is to discuss and solve the problems of officers and clerks in the bank. These problem

represented by the general manager. General manager presents the real situation of all the branches.

4.1.7.2.1.2 Employees Committee Meeting.

This meeting held if necessary. In this meeting committee takes a decision about the employees promotion transfer selection etc chairman, vice-chairman, general manager and employees committee member are participates in this meeting.

4.1.7.2.1.3 Investments Committee Meeting

In this meeting committee takes all the decision about the investments. General manager chairman and the committee member participates in this meeting. This meeting held if necessary.

4.1.7.2.1.4 Purchase Committee Meeting.

Decision about the purchasing are taken in this meeting e.g. purchasing of stationary, dead stock etc. particular period is not fix for this meeting. This meeting held id necessary.

4.1.7.2.1.5 Enquiry Committee Meeting.

Enquiry committee appointed by the B.O.D. This committee appointed for serious or important matter. This meeting held if necessary.

4.1.7.2.1.6 Branch Manager Meeting.

At the end of every financial year this type of meeting held. Chairman, vice – chairman, general manager and all the 20 branches managers are participate in this meeting. All these 20 branch manager shows their problems and actual situation of their branch.

4.1.7.2.2 Branch Level Meeting.

Only branch committee meeting held at a branches level.

4.1.7.2. 2.1 Branch Committee Meeting.

Every month branches held this meeting chairman or chairman's representatives. Branch manager and branch committee members are participate in this meeting. Decision about the loan sanction and loan recovery taken in this meeting. Any other important issues at branch levels also discuss in this meeting.

4.1.8 Leadership

Leadership is an integral part of management. It plays an important and vital role in managerial operations. The success of every organization depends to a large extent on successful leadership.

General manager and the branch manager are leadership and they are the basic resources of Rayat Bank. All these manager have a

good leadership qualities. They inspire subordinates to perform their duties more efficiently.

General manger is the leader of overall bank and the branch manager are the leader of their branch. Bank manager as a leader required to encourage his assistants to work effectively by ensuring supportive face to face relationship and developing a positive attitude. They develops an environment conduct to work. By providing a sense of security and belongingness they motivates the group to work effectively.

4.1.9 Controlling

At each stage it is necessary to see that the activities are carried out according to plans. Thus control is ensuring that the actual results are in conformity with the plans or standards laid down. If any deviation is noticed immediate corrective action is taken.

In co-operative banks for achieving the objectives controlling is the must. In banks control is exercised through different control techniques.

The important control techniques used I Rayat sevak co-operative bank are internal and external audit and financial ratios.

Budgeting consider in the planning function. Now see the financial ratios used in the bank these ratios bank submitted to R.B.I.

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4.1.9.1 Various Ratios and its Analysis

1. Deposit To Working Capital Ratio.

Higher ratio shows the better profitability and lower ratio shows lower profitability.

Table No 4.1.11

Deposit To Working Capital Ratio

Year	Deposit To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	80.78	67.70	89.74
2003 – 2004	87.16	67.73	98.64
2004 – 2005	87.41	69.93	98.79
2005 – 2006	88.28	74.22	98.84
2006 – 2007	87.86	74.99	98.80

The above table shows that the Deposit To Working Capital Ratio of Head Office has been continuously increases. It indicates that there is better opportunity for profitability. During the last year there were slightly decreases but it is not serious.

Sangli branch ratio also continuously increases but as compare to head office and vita branch their ratio is less. It indicates profitability of Sangli branch is less than head office and vita branch but it is good.

The ratio of vita branch has been continuously increases. It indicates the strong profitability.

2. Income To Working Capital Ratio

Higher ratio shows the better profitability and lower ratio shows lower profitability.

Table No. 4.1.12
Income To Working Capital Ratio.

Year	Income To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	11.54	9.46	12.14
2003 – 2004	10.42	11.05	11.03
2004 – 2005	9.63	10.45	10.03
2005 – 2006	8.93	9.72	9.06
2006 – 2007	8.91	9.80	9.42

Above table shows that the Income To Working Capital Ratio of Head Office in some extent decreases. But ratio shows the better profitability.

Sangli and Vita branch ratio also decreases, but it is negligible. Ratio shows the better profitability of the branches.

3.Own Capital To Working Capital Ratio.

Higher ratio indicates the better profitability and lower ratio indicates lower profitability.

Table No. 4.1.13

Own Capital To Working Capital Ratio.

Year	Own Capital To Working Capital Ratio
	Head office
2002 – 2003	8.74
2003 – 2004	8.53
2004 – 2005	8.47
2005 – 2006	8.01
2006 – 2007	8.50

Above table shows that the Own Capital To Working Capital Ratio of the bank has been in some extent decreases. But ratio shows the better profitability. This ratio not calculated in branches level.

4. Gross Profit To Working Capital Ratio.

Higher ratio indicates the better profitability and lower ratio indicates the lower profitability. Above 1 ratio is ideal.

Table No. 4.1.14

Gross Profit To Working Capital Ratio.

Year	Gross Profit To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	1.41	0.79	0.75
2003 – 2004	1.09	1.16	1.11
2004 – 2005	1.03	1.33	0.49
2005 – 2006	0.95	1.00	0.21
2006 – 2007	0.79	1.73	6.83

Above table shows that the Gross Profit To Working Capital Ratio of Head Office is good. 1 or above ratio shows the better profitability. In the year 2002 – 2003 to 2004 – 2005 the ratio was above 1, it show the better profitability and in the year 2005 – 2006 and 2006 – 2007 there was some decreases but it is negligible.

The ratio of sangli branch shows the better profitability because ratio was above 1. only in the year 2002 – 2003 was below 1. But it is not serious.

Vita branch ratio in the year 2002 – 2003 to 2005 – 2006 was below 1. It shows less profitability. But in the year 2006 – 2007 ratio was 6.83 which is admirable.

5. Net Profit To Working Capital Ratio.

Higher ratio indicates the better profitability and lower ratio indicates the lower profitability. Above 1 ratio indicates better profitability.

Table No. 4.1.15

Net Profit To Working Capital Ratio.

Year	Net Profit To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	1.04	0.70	0.67
2003 – 2004	0.95	1.15	0.90
2004 – 2005	1.01	1.33	0.47
2005 – 2006	0.84	1.00	0.20
2006 – 2007	0.52	1.71	6.37

Above table shows that Net Profit To Working Capital Ratio of Head Office ratio was above 1 in the year 2002 – 2003 and 2004 – 2005. It shows the better profitability. But in the year 2003 – 2004, 2005 – 2006 and 2006 – 2007 was below 1. But it is nearest to 1. Hence it is negligible.

In Sangli branch only in one year i.e. 2002 – 2003 bank never achieved the 1 or above ratio. But after that it was continuously increases. It shows the better profitability.

Ratio of vita branch was below 1 in the year 2002 – 2003 to 2005 – 2006. but it is nearest to 1. In the year 2006 – 2007 the ratio was 6.37. It shows the strong financial position of the vita branch.

6. Administrative Expenses To Working Capital

Higher ratio indicates the lower profitability and lower ratio indicator the higher profitability.

Table No. 4.1.16

Administrative Expenses To Working Capital Ratio.

Year	Administrative Expenses To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	1.48	1.14	1.28
2003 – 2004	1.48	3.56	1.32
2004 – 2005	1.49	3.17	1.29
2005 – 2006	1.31	2.94	1.23
2006 – 2007	1.60	2.45	1.30

Above table shows that the Administrative Expenses To Working Capital Ratio of Head Office was below 3. It shows the administrative

expenses of the bank is under control and its positively affects on the profitability.

Sangli branch ratio was also below 3. But in the year 2003 – 2004 and 2004 – 2005 ratio was 3.55 and 3.17 respectively. That means in some extent it was above 3. But it is negligible.

Vita branch ratio was below 3. It is a plus point of vita branch. Hence it shows the better profitability of the vita branch.

7. Loans And Advances To Working Capital Ratio:-

Higher ratio shows the better profitability and lower ratio shows the low profitability. Above 70 indicates the danger.

Table No. 4.1.17

Loans And Advances To Working Capital Ratio.

Year	Loans And Advances To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	68.72	66.19	81.30
2003 – 2004	65.36	58.38	75.17
2004 – 2005	63.77	59.56	74.60
2005 – 2006	64.90	58.94	69.23
2006 – 2007	68.15	64.67	73.62

Above table shows that the Loans And Advances To Working Capital Ratio was below 70. It shows the strong position of the bank.

Sangli branch ratio also below 70. It also shows the better profitability of the branch.

Vita branch ratio was in some extent above 70. It shows the less profitability. But H.O. manages the situation. In the year 2005 – 2006 ratio was below 70.

8. Investment To Working Capital Ratio

Higher ratio indicates high profitability and lower ratio shows the low profitability. 30 or above is the ideal ratio.

Table no. 4.1.18

Investment To Working Capital Ratio.

Year	Investment To Working Capital Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	24.33	31.97	4.33
2003 – 2004	28.28	38.26	5.55
2004 – 2005	30.05	38.27	9.27
2005 – 2006	28.58	37.47	6.67
2006 – 2007	25.92	31.04	6.37

Above table shows that Investments To Working Capital Ratio of the Head Office was less than 30. But it was nearest to 30. So this shows the better profitability.

Sangli branch ratio was above 30, that means it shows an ideal ratio. Hence it shows the better profitability.

Vita branch ratio was below 30. It shows the less profitability. Hence vita branch have to increase the investments.

9. Arrears To Loans And Advances Ratio

Lower ratio indicates high profitability and higher ratio indicates low profitability.

Table No. 4.1.19

Arrears To Loans And Advances Ratio

Year	Arrears To Loans And Advance Ratio		
	Head Office	Sangli Branch	Vita Branch
2002 – 2003	0.36	0.25	0.03
2003 – 2004	0.49	0.01	0.04
2004 – 2005	0.67	Nil	0.05
2005 – 2006	0.62	Nil	0.20
2006 – 2007	0.55	0.34	0.24

The above table shows that the Arrears To Loans And Advances Ratio of Head Office was very low. It shows the strong position of the bank.

Sangli branch ratio also very low. Hence it is positively affected on the profitability.

Vita branch ratio was also very low. Hence it is positively affected on the profitability.

10. Administrative Expenses To Income Ratio.

Higher ratio shows the low profitability and lower ratio shows the high profitability. Administrative expense must be low or equal to 20 % of income.

Table No. 4.1.20

Administrative Expense To Income Ratio.

Year	Administrative Expense To Income Ratio		
	Head office	Sangli branch	Vita branch
2002 – 2003	12.84	12.08	10.58
2003 – 2004	14.20	32.31	11.09
2004 – 2005	15.47	30.41	12.84
2005 – 2006	14.68	30.28	13.60
2006 – 2007	17.93	24.97	13.88

Above table shows that the administrative expenses to income ratio of the head office was less than 20. It shows the administrative expenses of the rayat bank is very low. Hence it shows the better profitability.

Only in the year 2002 – 2003 the ratio was below 20 but. After that it was above 20. That means administrative expenses of sangli branch high. It shows the less profitability of the sangli branch.

Vita branch ratio was very low and it's less than 20. It shows the less administrative expense of the vita branch. It is positively affected on the vita branch profitability.

11. Loans And Advances To Deposit Ratio.

Higher ratio shows the high profitability and lower ratio shows the low profitability. Ratio above 75 shows the over trading.

Table No. 4.1.21

Loans And Advance To Deposit Ratio.

Year	Loans And Advances To Deposit Ratio		
	Head office	Sangli branch	Vita branch
2002 – 2003	85.06	97.76	90.61
2003 – 2004	75.00	86.20	76.22
2004 – 2005	72.95	85.17	75.22
2005 – 2006	73.51	79.42	70.05
2006 – 2007	77.56	86.24	74.52

Above table shows that the Loans and Advances to Deposit Ratio of Head Office was below and equal to 75. Only in the year 2002 – 2003

and 2006 – 2007 was in some extent high. But bank can easily handle this situation. Hence the ratio shows the better profitability.

Sangli branch ratio was above 75. It indicates the lower profitability. Hence sangli branch should be reduce their loans and advances for the safety.

Vita branch ratio was below 75. But in the year 2002 – 2003 and 2003 – 2004 was high but it is not serious.

12. Employees Expenditure To Working Capital.

Higher ratio indicates low profitability and lower ratio shows the high profitability.

Table No. 4.1.22

Employees Expenditure To Working Capital.

Year	Employees Expenditure To Working Capital Ratio		
	Head office	Sangli branch	Vita branch
2002 – 2003	1.21	1.01	1.12
2003 – 2004	1.16	0.92	1.02
2004 – 2005	1.15	0.88	0.91
2005 – 2006	0.99	0.87	0.94
2006 – 2007	0.94	0.87	1.01

Above table shows that the Employees Expenditure to Working Capital Ratio of Head Office Sangli And Vita branch was very low. It indicates that the bank better opportunity for profitability.

13. NPA To Loans And Advances:-

Higher ratio shows the low profitability and lower ratio shows the high profitability NPA calculated at head office level only.

Table No. 4.1.23**NPA To Loans And Advances.**

Year	NPA To Loans And Advances
	Head office
2002 – 2003	0.53
2003 – 2004	0.43
2004 – 2005	0.39
2005 – 2006	0.39
2006 – 2007	0.33

Above table shows that the NPA rate of rayat bank was very low. It shows that the strong position of the bank.

14. Average Rate On Loan.

Higher ratio indicates high profitability and lower ratio shows low profitability.

Table No. 4.1.24
Average Rate On Loan.

Year	Average Rate On Loan		
	Head office	Sangli branch	Vita branch
2002 – 2003	13.35	13.32	13.24
2003 – 2004	11.98	12.22	14.01
2004 – 2005	10.98	10.92	10.70
2005 – 2006	9.72	9.97	10.17
2006 – 2007	9.83	9.98	9.81

Above table shows that Average Rate on Loan Ratio of Head Office was decrease. But overall ratio shows the better profitability of the bank.

The ratio of Sangli and Vita branch also decreases. But it is negligible. Hence ratio shows the better profitability of the branches.

15. Yield on Asset

Higher ratio shows high profitability and lower ratio shows low profitability.

Table No. 4.1.25

Yield On Asset

Year	Yield On Asset		
	Head office	Sangli branch	Vita branch
2002 – 2003	12.40	9.13	12.85
2003 – 2004	11.15	11.44	12.02
2004 – 2005	10.31	10.99	10.47
2005 – 2006	9.58	10.08	10.16
2006 – 2007	9.49	10.28	9.64

The above table shows that The Yield on Asset Ratio of Head Office was decreases year after year but decreases very short which is negligible. Hence it shows the better opportunity for profitability.

Last 3 years short decrease in the bank ratio of Sangli branch. But it is not serious. It also shows the better profitability.

Vita branch ratio was also short decreases. But it is negligible.

4.2 Challenges Before The Rayat Sevak Co-Operative Bank

Urban banks have a great scope in playing a major role in providing financial assistance to the common man. So banks first responsibility would be to restore the confidence among the people and customers, by giving them, the best possible performance of the bank. Progress and development in information technology and financial reforms have given both challenges and opportunities for the banking.

I discussed with General manager and Branch managers of the Sangli and Vita. I come to the challenges and opportunities before the bank during for coming years.

- ★ 4.2.1 For increasing the operative profit bank avoid the main aim which is to provide loans to small borrowers. Bank provided the loan to big borrowers. Because of this borrowers takes a help of 'Retail Banking '. That means bank may be lost the own customer so how to serve the customer is the challenge before bank.

★ 4.2.2 Every permanent Rayat employees is the member of the Rayat bank. However we cant say every members to deposit their all amount in the Rayat bank. So to motivate them for depositing all their amount in Rayat Bank is also important challenge before the bank.

★ 4.2.3 The RBI through its credit control measures the urban bank. Major controlling power points are in the hands of the RBI. For sound financial health RBI made some provisions for fund management to each Urban banks e.g. provision for standard assets, doubtful and bad assets etc. All this provisions for various purposes adversely affects the profitability of the bank.

Hence to increase profitability with the maintaing of all the provisions is also one of the challenge of the Rayat bank.

★ 4.2.4 Opening up of the economy due to liberalization, privatization, and Globalization has brought stiff competition for the Urban Co-operative banks. The post office, mutual fund, stock markets and security market are the new competitors for the Urban co-operative banks. Hence, to face

the competition with more confidence is also challenge before the bank.

- ★ 4.2.5 The new generation co-operative banks are providing high quality services by using modern technology mainly to make the customer satisfied. Providing the best banking facilities in the business environment is yet another challenge before the Rayat Sevak Co-operating Bank.
- ★ 4.2.6 To reduce or Nil the N.P.A. is also challenge before the Rayat Sevak Co-operating Bank.
- ★ 4.2.7 In the competitive world trained employees is the real asset of the bank. Now a days new technologies continuously entering in the business world. So employees have to adjust with the changing environment. Hence, to train the employees to create the efficiency and productivity is also important challenge before the old and traditional bank.
- ★ 4.2.8 To develop the premises and to open new branches at rural area is also challenge before the bank.