A PROJECT REPORT ON

# *"A STUDY ON FINACIAL PERFORMANCE OFABYUDAYA COOPERATIVE BANK "*

A Project Submitted to

University of Mumbai for Partial Completion of the Degree of Bachelor in Commerce (Banking and Insurance)

Under the Faculty of Commerce

**By**


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**Under the Guidance of**


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***JNAN VIKAS MANDAL'S***

**Mohanlal Raichand Mehta College of Commerce**

**Diwali Maa College of Science**

**Amritlal Raichand Mehta College of Arts**

**Dr. R.T. Doshi College of Computer Science**

**NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle) Sector-19, Airoli, Navi Mumbai, Maharashtra 400708**


***FEBRUARY, 2024.***

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# ***CERTIFICATE***

This is to certify that **MR.________________________________________** has worked and duly completed his Project work for the degree as Bachelor in Commerce (banking and Insurance) under the Faculty of Commerce in the subject of **Banking** and his project is entitled, **"** ***A STUDY ON FINACIAL PERFORMANCE OFABYUDAYA COOPERATIVE BANK*** **"**. Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by her personal finding and investigations.

Guiding Teacher,

**ASST. PROF. DR. KISHOR CHAUHAN.**

**Date of submission:**

# ***DECLARATION***

I the undersigned **MR SAHIL KARGUTKAR .** here by, declare that the work embodied in this project work titled ***"A STUDY ON FINACIAL PERFORMANCE OFABYUDAYA COOPERATIVE BANK "***, forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

(SAHIL KARGUTKAR )

Certified by:

**ASST. PROF. DR. KISHOR CHAUHAN.**

# ***ACKNOWLEDGEMENT***

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# EXECUTIVE SUMMARY

A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by people belonging to the same local or professional community or sharing a common interest. These banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts…). Co-operative banks differ from stockholders.
banks by their organization, their goals, their Values and their governance. Cooperative banks are owned by their customers and follow the cooperative principle of one person, one vote.
Co-operative banks are often regulated under both banking and cooperative legislation. They provide services such as savings and loans to non-members as well as to members, and some participate in the wholesale markets for bonds, money and even equities. Many cooperative banks are traded on public stock markets, with the result that they are partly owned by non- members. Member control is diluted by these outside stakes, so they may be regarded as semi-cooperative.

Cooperative banking systems are also usually more integrated than credit union systems. Local branches of co-operative banks select their own boards of directors and manage their own operations, but most strategic decisions require approval from a central office. Credit unions usually retain strategic decision-making at a local level, though they share back-office functions, such as access to the global payments system, by federating.

Some cooperative banks are criticized for diluting their cooperative principles. Principles 2-4 of the "Statement on the Co-operative Identity" can be interpreted to require that members must control both the governance systems and capital of their cooperatives. A cooperative bank that raises capital on public stock markets creates a second class of shareholders who compete with the members for control. In some circumstances, the members may lose control. This effectively means that the bank ceases to be cooperative. Accepting deposits from non-members may also lead to a dilution of member contribution.

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# CHAPTER-1

# INTRODUCTION

## MEANING OF COOPERATIVE BANK

Cooperative bank is an institution established on the cooperative basis and dealing in ordinary banking business. Like other banks, cooperative banks are founded by collecting funds through shares, accept deposits and grant loans.


## INTRODUCTION

The A cooperative bank is a financial institution that is owned and operated by its members. Unlike traditional banks, which are owned by shareholders and operated for profit, cooperative banks are owned and controlled by the people who use their services. These members typically consist of individuals, businesses, and organizations within a specific community or industry.

The primary purpose of a cooperative bank is to provide banking services to its members while promoting financial inclusion and community development. This can include offering savings and checking accounts, loans, mortgages, and other financial products and services. Cooperative banks often focus on serving the needs of their members and the local community, rather than maximizing profits for shareholders.

One of the key features of cooperative banks is democratic governance, where members have a say in how the bank is run. Each member typically has one vote, regardless of the amount of money they have deposited or invested in the bank. This democratic structure allows members to elect a board of directors and influence important decisions, such as the allocation of funds and the development of new products and services.

A cooperative bank is a financial institution that is owned and operated by its members, who are typically customers of the bank. Unlike traditional commercial banks, which are owned by shareholders and aim to generate profits for those shareholders, cooperative banks are structured to prioritize the needs and interests of their members.

The primary purpose of a cooperative bank is to provide banking services such as savings accounts, loans, and other financial products to its members. These services are typically offered at competitive rates and with a focus on serving the local community where the bank operates.

One of the defining features of cooperative banks is their democratic governance structure. Members of the bank have the opportunity to participate in decision-making processes, including electing the board of directors and voting on key issues that affect the bank's operations.

Cooperative banks often emphasize social responsibility and community development. They may prioritize lending to small businesses, farmers, and other local enterprises, thereby supporting economic growth and stability in their communities.

Overall, cooperative banks play a vital role in the financial system by providing accessible and member-focused banking services while promoting principles of cooperation, mutual assistance, and sustainable development.

1. **History**: Cooperative banks have a rich history dating back to the 19th century. The concept emerged as a response to the financial needs of communities that were underserved by traditional banks. Early cooperative banks were often founded by groups of individuals coming together to pool their resources and create a mutually beneficial banking institution.

2. **Principles**: Cooperative banks operate based on the principles of cooperation, self-help, and democratic governance. These principles are often encapsulated in the Rochdale Principles, which include open membership, democratic control, and concern for the community.

3. **Membership**: Membership in a cooperative bank is typically open to individuals, businesses, and organizations within a specific geographic area or sector. Members often have a sense of ownership and pride in their cooperative bank, as they are both customers and stakeholders in the institution.

4. **Social Impact**: Cooperative banks are often deeply rooted in their communities and prioritize social impact alongside financial sustainability. They may support local businesses, provide loans for affordable housing, or invest in community development projects.

5. **Financial Services**: While cooperative banks offer a wide range of financial services similar to traditional banks, they may also tailor their offerings to meet the specific needs of their members. This can include specialized loans for farmers, small businesses, or housing cooperatives.

6. **Regulation**: Cooperative banks are subject to regulatory oversight by banking authorities in their respective countries. Regulation aims to ensure the safety and soundness of cooperative banks while also protecting the interests of their members.

7. **Global Presence**: Cooperative banks exist in many countries around the world, operating under different names and organizational structures. Some countries have strong cooperative banking sectors, while in others, cooperative banks may coexist alongside traditional banks.

8. **Continued Evolution**: Over time, cooperative banks have evolved to adapt to changing economic, social, and technological landscapes. Many cooperative banks have embraced digital banking technologies to improve convenience and accessibility for their members while remaining true to their cooperative principles.

Overall, cooperative banks continue to play a significant role in the global financial system, providing an alternative model of banking that prioritizes community, cooperation, and sustainability.

**The cooperative banks, however, differ from joint stock banks in the following manner:**

(i) Cooperative banks issue shares of unlimited liability, while the joint stock banks issue shares of limited liability.

(ii) In a cooperative bank, one shareholder has one vote whatever the number of shares he may hold. In a joint stock bank, the voting right of a shareholder is determined by the number of shares he possesses.

(iii) Cooperative banks are generally concerned with the rural credit and provide financial assistance for agricultural and rural activities. Joint stock companies are primarily concerned with the credit requirements of trade and industry.

(iv) Cooperative banking in India is federal in structure. Primary credit societies are at the lowest rung. Then, there are central cooperative banks at the district level and state cooperative banks at the state level. Joint stock banks do not have such a federal structure.

v) Cooperative credit societies are located in the villages spread over entire country. Joint stock banks and their branches mainly concentrate in the urban areas, particularly in the big cities

**HISTORY OF COOPERATIVE BANK IN INDIA**

Cooperative movement in India was started primarily for dealing with the problem of rural credit. The history of Indian cooperative banking started with the passing of Cooperative Societies Act in 1904. The objective of this Act was to establish cooperative credit societies “to encourage thrift, self-help and cooperation among agriculturists, artisans and persons of limited means.”

Many cooperative credit societies were set up under this Act. The Cooperative Societies Act, 1912 recognize the need for establishing new organisations for supervision, auditing and supply of cooperative credit. These organisations were- (a) A union, consisting of primary societies; (b) the central banks; and (c) provincial banks.

Although beginning has been made in the direction of establishing cooperative societies and extending cooperative credit, but the progress remained unsatisfactory in the pre- independence period. Even after being in operation for half a century, the cooperative credit formed only 3.1 per cent of the total rural credit in 1951-52.

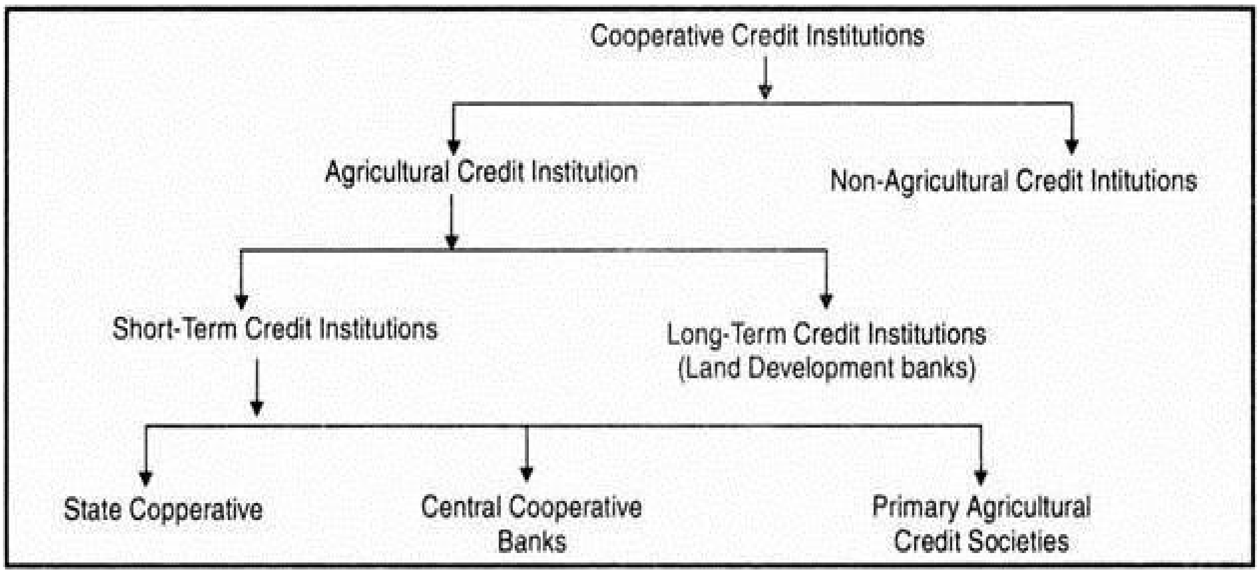
## STRUCTURE OF COOPERATIVE BANK

There are different types of cooperative credit institutions working in India. These institutions can be classified into two broad categories- agricultural and non-agricultural. Agricultural credit institutions dominate the entire cooperative credit structure.

Agricultural credit institutions are further divided into short-term agricultural credit institutions and long-term agricultural credit institutions.

The short-term agricultural credit institutions which cater to the short-term financial needs of agriculturists have three-tier federal structure- (a) at the apex, there is the state cooperative bank in each state; (b) at the district level, there are central cooperative banks; (c) at the village level, there are primary agricultural credit societies.

Long-term agricultural credit is provided by the land development banks. The whole structure of cooperative credit institutions is shown in the chart given.



**Short-Term Rural Cooperative Credit Structure:**

In rural India, there exists a 3-tier short-term rural cooperative structure. Tier-I includes state cooperative banks (SCBs) at the state level; Tier-II includes central cooperative banks (CCBs) at the district level; and Tier- III includes primary agricultural credit societies (PACSs).

In 19 states, there exists a 3-tier short-term cooperative credit structure, comprising SCBs, CCBs and PACSs. And in 12 states, there exists a 2-tier short-term cooperative structure. In the north-eastern states, including Sikkim, the structure is 2-tier, comprising only SCBs and PACSs.

**1. State Cooperative Banks (SCBs):**

**Functions and Organisation:**

State cooperative banks are the apex institutions in the three-tier cooperative credit structure, operating at the state level. Every state has a state cooperative bank.

**State cooperative banks occupy a unique position in the cooperative credit structure because of their three important functions:**

(a) They provide a link through which the Reserve Bank of India provides credit to the cooperatives and thus participates in the rural finance,

(b) They function as balancing centers for the central cooperative banks by making available the surplus funds of some central cooperative banks. The central cooperative banks are not permitted to borrow or lend among themselves.

(c) They finance, control and supervise the central cooperative banks, and, through them, the primary credit societies.

**2. Central Cooperative Banks (CCBs):**

**Functions and Organisation:**

Central cooperative banks are in the middle of the three-tier cooperative credit structure.

**Central cooperative banks are of two types:**

(a) There can be cooperative banking unions whose membership is opab, Rajasthan, Orissa and Kerala.

(b) There can be mixed central cooperative banks whose membership is open to both individuals and cooperative societies. The central cooperative banks in the remaining states are of this type. The main function of the central cooperative banks is to provide loans to the primary cooperative societies. However, some loans are also given to individuals and others.

### 3. Primary Agricultural Credit Societies (PACSs):

**Functions and Organisation:**

Primary agricultural credit society forms the base in the three-tier cooperative credit structure. It is a village-level institution which directly deals with the rural people. It encourages savings among the agriculturists, accepts deposits from them, gives loans to the needy borrowers and collects repayments. It serves as the last link between the ultimate borrowers, i.e., the rural people, on the one hand, and the higher agencies, i.e., Central cooperative bank, state cooperative bank, and the Reserve Bank of India, on the other hand.

A primary agricultural credit society may be started with 10 or more persons of a village. The membership fee is nominal so that even the poorest agriculturist can become a member.

The members of the society have unlimited liability which means that each member undertakes full responsibility of the entire loss of the society in case of its failure. The management of the society is under the control of an elected body.

**Capital:**

The working capital of the primary credit societies comes from their own funds, deposits, borrowings and other sources. Own funds comprise of share capital, membership fee and reserve funds. Deposits are received from both members and non- members. Borrowings are mainly from central cooperative banks.

In fact, the borrowings form the chief source of working capital of the societies. Normally, people do not deposit their savings with the cooperative societies banks.

In fact, the borrowings form the chief source of working capital of the societies. Normally, people do not deposit their savings with the cooperative societies because of poverty, low saving habits, and non-availability of better assets to the savers in term of rate of return and riskiness from these societies.

### Land Development Banks (LDBs) or Cooperative Agricultural and Rural Development Banks (CARDBs):

Besides short-term credit, the agriculturists also need long-term credit for making permanent improvements in land, for repaying old debts, for purchasing agricultural machinery and other implements. Traditionally, the long-term requirements of agriculturists were mainly met by money lenders and some other agencies. But this source of credit was found defective and has been responsible for the exploitation of farmers.

Cooperative banks and commercial banks by their very nature are not in a position to provide long-term loans because their deposits are mainly demand (short-term) deposits. Thus, there was a great need for a specialised institution for supplying long-term credit to agriculturists. The establishment of land development banks now known as cooperative and rural development banks (CARDBs) is an effort in this direction.

**These banks have two-tier structure:**

(a) At the state level, there are state or central land development banks, now known as state cooperative agricultural and rural development banks (SCARDBs) generally one for each state. They were previously known as central land mortgage banks,

(b) At the local level, there are branches of the state land development banks or SCARDBs and primary land development banks now known as primary cooperative agricultural and rural development banks (PCARDBs).

In some states, there are no primary land development banks, but the branches of the state land development bank. In Madhya Pradesh, the state cooperative bank itself functions as the state land development bank. In other states like Andhra Pradesh, Kerala and Maharashtra, there are more than one state land development banks.

Similarly, the primary land development banks also vary organisationally in different states. At the national level, the land development banks have also formed a union, called All-India Land Development Banks' Union.

**Capital:**

Land development banks raise their funds from share capital, reserves, deposits, loans and advances, and debentures. Debentures form the biggest source of finance. The debentures are issued by the state land development banks.

They carry fixed interest, have maturity varying from 20 to 25 years, and are guaranteed by the state government. These debentures are subscribed by the co-operative banks, commercial banks, the State Bank of India and the Reserve Bank of India.

Besides the ordinary debentures, the land development banks also float rural debentures for the period upto 7 years. These debentures are subscribed by farmers, panchayats, and the Reserve Bank. The Reserve Bank substantially contributes to the finance of land development banks by extending funds to the state governments for contributing to the share capital of these banks and by subscribing to ordinary and rural debentures.

**Defects of Land Development Banks:**

Although numerically the land development banks have grown over the years, they have not been able to make much progress in providing long-term finance to the farmer.

**The following are the factors responsible for the unsatisfactory performance of land development banks:**

**i. Uneven Growth:**

There has been uneven growth of land development banks. These have shown some progress in the states like Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Gujrat. Other states have made very little progress. About half of the states have no land development bank.

**ii. Problem of Overdues:**

The major problem faced by the land development banks is the existence of heavy overdues. Moreover, the overdues are continuously rising over the years. In 1991-92, the percentage of the overdues 6f the land development banks has been put between 42 to 44 per cent.

Faulty loaning policies, inadequate supervision, over-utilisation of loans, ineffective measures for recovery, willful defaulters, etc. are the main causes of unsatisfactory level of overdues. In view of the seriousness of the problem, the state governments have been advised todraw up and implement time-bound programmes for special recovery drives.

**iii. Lack of Trained Staff:**

In spite of quantitative growth of the land development banks, they have not shown much qualitative improvements in the field of granting loans largely due to inadequate technical and supervisory staff. Necessary changes in the legislation of cooperative institutions are also required if the lending activities are to be diversified for non-traditional developmental purposes and on the basis of non-landed security.

**iv. Other Defects:**

**Other defects of the land development banks can be summarised below:**

(a) These banks charge very high interest rates on the loans provided by them.

(b) There is much delay and red-tapism in the granting of loans,

(c) Second loan is not advanced unless the first is not repaid.

(d) Installments and the period of loans are not fixed on the basis of the repaying capacity of the borrowers.

(e) The procedure of receiving a loan from these banks is so complicated that the agriculturist is forced to seek help from the money lender,

(f) Weaker sections of the rural society such as landless labourers, village artisans and marginal farmers, are generally unable to secure loans from these banks for their productive activities simply because they do not have land or adequate security to offer against loans.

(g) Mostly loans are given for the repayment of old loans and for development purposes.

## Importance of Cooperative Banks:

The cooperative banking system has to play a critical role in promoting rural finance and is specially suited to Indian conditions.

**Various advantages of cooperative credit institutions are given below:**

**I. Alternative Credit Source:**

The main objective of cooperative credit movement is to provide an effective alternative to the traditional defective credit system of the village money lender. The cooperative banks tend to protect the rural population from the clutches of money lenders. The money lenders have so far dominated the rural areas and have been exploiting the poor people by charging very high rates of interest and manipulating accounts.

**II. Cheap Rural Credit:**

**Cooperative credit system has cheapened the rural credit both directly as well as indirectly:**

(a) Directly, because the cooperative societies charge comparatively low interest rates, and

(b) Indirectly, because the presence of cooperative societies as an alternative agency has broken money lender's monopoly, thereby enforcing him to reduce the rate of interest.

**III. Productive Borrowing:**

An important benefit of cooperative credit system is to bring a change in the nature of loans. Previously the cultivators used to borrow for consumption and other unproductive purposes. But, now, they mostly borrow for productive purposes. Cooperative societies discourage unproductive borrowing.

**IV. Encouragement to Saving and Investment:**

Cooperative credit movement has encouraged saving and investment by developing the habits of thrift among the agriculturists. Instead of hoarding money the rural people tend to deposit their savings in the cooperative or other banking institutions.

**V. Improvement in Farming Methods:**

Cooperative societies have also greatly helped in the introduction of better agricultural methods. Cooperative credit is available for purchasing improved seeds, chemical fertilizers, modern implements, etc. The marketing and processing societies have helped the members to purchase their inputs cheaply a nd sell their produce at good prices.

**VI. Role of Cooperative Banks before 1969:**

After the nationalisation of commercial banks in 1969, the government has adopted a multi- agency approach. Under this approach, both cooperative banks and commercial banks (including regional rural banks) are being developed to finance the rural sector.

**But, this new approach also recognised the prime role to be played by the cooperative credit institutions in financing rural areas because of the following reasons:**

(a) Co-operative credit societies are best suited to the socio-economic conditions of the Indian villages.

(b) A vast network of the cooperative credit societies has been built over the years throughout the length and breadth of the country. This network can neither be duplicated nor be surpassed easily.

(c) The cooperative institutions have developed intimate knowledge of the local conditions and problems of rural areas.

**VIII. Suitable Federal Structure of Cooperative Banking System:**

Cooperative banking system has a federal structure with- (a) primary agricultural credit societies at the village level, (b) higher financing agencies in the form of central cooperative and state cooperative banks, (c) land development banks for providing long- term credit for agriculture. Such a banking structure is essential and particularly suited for effectively meeting the financial requirements of the vast rural areas of the country.

Considering the great importance of cooperative banks, particularly in the rural areas, it is not surprising that every committee or commission, that has examined the working of the cooperative banking system in India, has expressed the common view that "cooperation remains the best hope of rural India."

**Weaknesses of Cooperative Banking:**

Various committees, commissions and individual studies that have reviewed the working of the cooperative banking system in India have pointed out a number of weaknesses of the system and have made suggestions to improve the system.

**Major weaknesses are given below:**

**I. General Weaknesses of Primary Credit Societies:**

Organizational and financial limitations of the primary credit societies considerably reduce their ability to provide adequate credit to the rural population.

**The All India Rural Credit Review Committee pointed out the following weaknesses of the primary credit societies:**

(a) Cooperative credit still constitutes a small proportion of the total borrowings of the farmers,

(b) Needs of tenants and small farmers are not fully met.

(c) More primary credit societies are financially weak and are unable to meet the production-oriented credit needs,

(d) Over dues are increasing alarmingly at all levels,

(e) Primary credit societies have not been able to provide adequate and timely credit to the borrowing farmers.

**II. Inadequate Coverage:**

Despite the fact that the cooperatives have now covered almost all the rural areas of the country, its rural household membership is only about 45 per cent. Thus, 55 per cent of rural households are still not covered under the cooperative credit system.

In fact, the borrowing membership of the primary credit societies is significantly low and is restricted to a few states like Maharashtra, Gujrat, Punjab, Haryana, Tamil Nadu and to relatively rich land owners.

**Criteria of determining borrowing membership include:**

(a) Borrowing members as a proportion of rural households,

(b) The average amount of loan issued per borrowing member, and

(c) The proportion of loans going to weaker sections.

**The banking Commission 1972 has brought out the following reasons for the low borrowing membership cooperative societies:**

(a) Inability of the people to provide the prescribed security;

(b) Lack of up-to-date land records;

(c) Ineligibility of certain purposes for loans;

(d) Inadequacy of prescribed credit limits;

(e) Onerous conditions prescribed for loans such as share capital contribution at 10 or 20 per cent of loans outstanding and compulsory saving deposits; and

(f) Default of members to repay loans.

**III. Inefficient Societies:**

In spite of the fact that the primary agricultural credit societies in most of the states have been reorganised into viable units, their loaning business has not improved. As the Seventh Plan has observed that out of 94089 primary agricultural credit societies in the country in 1982-83, only 66000 societies had full time paid secretaries. About 34000 societies were running at loss.

**IV. Problem of Overdues:**

A serious problem of the cooperative credit is the overdue loans of the cooperative institutions which have been continuously increasing over the years. In 1991-92, percentage

of overdues to demand at the level of land development banks was 57, at the level of central cooperative banks was 41 and at the level of primary agricultural credit societies was 39.

The overdues in the short-term credit structure are most alarming in North-Eastern States. In the long-term loaning sector, the problem of overdues has almost crippled the land development banks in 9 states, viz., Maharashtra, Gujarat, Madhya Pradesh, Bihar, Karnataka, Assam, West Bengal, Orissa and Tamil Nadu.

Large amounts of overdues restrict the recycling of the funds and adversely affect the lending and borrowing capacity of the cooperative societies.

**V. Regional Disparities:**

There have been large regional disparities in the distribution of cooperative credit. According to the Seventh Plan, the eight states of Andhra Pradesh, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra, Punjab and Rajasthan account for about 80 per cent of the total credit disbursed. The per hectare short-term credit disbursed varied from Rs. 4 in Assam to Rs. 718 in Kerala.

**VI. Benefits to Big Land Owners:**

Most of the benefits from the cooperatives have been covered by the big land owners because of their strong socio-economic position. For instance, in 1984-85 the farmers having holdings less than two hectares got only 38.8 per cent of the total loans granted by the primary agricultural credit societies, whereas the land owners with holdings of more than 2 hectare received 55 per cent. The share of the poorest rural population (i.e. tenants, share croppers and landless labours) was only 6.2 per cent.

**VII. Lack of Other Facilities:**

Besides the provision of adequate and timely credit in a proper way. Therefore, the credit societies should be reorganised into multi-purposes cooperatives.

**Reserve Bank and Cooperative Banking:**

Strengthening the cooperative credit movement has been the Reserve Bank of India’s special responsibility ever since its establishment in 1935.

**The following are the various measures undertaken by the Reserve Bank to develop cooperative banking system and to promote cooperative finance in the country:**

**1. Agricultural Credit Department:**

**The Reserve Bank has a separate Agricultural Credit Department whose functions are:**

(i) To maintain an expert staff to study all questions of agricultural credit and be available for consolation by the central and state governments, state cooperative banks and other banking organisations; and

(ii) To coordinate the operations of the Reserve Bank in connection with agricultural credit and relations with the state cooperative banks and other institutions engaged in the business of agricultural credit.

**2. All-India Rural Credit Survey:**

The Reserve Bank's real role in the cooperative credit movement started with the appointment of All-India Rural Credit Survey Committee in 1951. The objective of this Committee was to study the problems of rural credit and explore possibilities of expanding agricultural credit through cooperative credit system.

The committee submitted its report in December 1954 which highlighted the vital importance of cooperative rural credit.

The Committee found that while private credit agencies, i.e., money lenders and traders supply 70 per cent of the rural credit, the cooperative societies provided only 3 per cent of the total borrowed amount.

The Committee observed that the rural credit in India fell short short of the right quantity, was not of right type, did not serve the right purpose, and often fail to go to the right people. Regarding the future of cooperative credit movement the committee said, "cooperation had failed, but cooperation must succeed."

**3. Integrated Scheme of Rural Credit:**

For the success of cooperative credit movement, the Survey Committee suggested an integrated scheme of rural credit based on the following fundamental principles- (a) state partnership in cooperative credit institutions; (b) full coordination between credit and other agricultural activities, particularly, marketing and processing; and (c) administration through adequately trained and efficient personnel, responsive to the needs of the rural population.

**4. Provision of Finance:**

In pursuance of the recommendations of the Survey Committee and the later committees like the Committee on Cooperative Credit (1960), the Reserve Bank has activity helped the cooperative system to expand rural credit. The Reserve Bank does not provide finance directly to the agriculturists, but only through cooperative sector.

The Reserve Bank provides financial assistance for meeting short-term, medium-term and long-term rural needs.

**The needs are explained as under:**

**(i) Short-Term Finance:**

The Reserve Bank provides short-term finance to the state cooperative banks in two ways- (a) through loans and advances; (b) through rediscounting facility. The financial assistance is given for seasonal agricultural operations and for marketing of crops.

In 1950-51, the Reserve Bank sanctioned short- term credit of Rs. 7.6 crore. This amount increased to Rs. 147 crore in 1960-61 and to Rs. 1090 crore in 1981-82.

**(ii) Medium-Term Finance:**

The Reserve Bank provides medium-term loans to state cooperative banks generally for 3 to 5 years. These loans are provided for- (a) land improvements like bunding, digging of wells and water channels; (b) repair of wells and other irrigational schemes; (c) purchase of livestock, implements and machinery; (d) construction of farm houses and cattle sheds.

The Reserve Bank also provides medium-term loans in scarcity affected areas. Over the years, the amount of medium- term loans sanctioned by the Reserve Bank has considerably increased from Rs. 27 lakh in 1954-55 to Rs. 24 crore in 1970-71 and to Rs. 110 crore in 1981-82.

**(iii) Long-Term Finance:**

The Reserve Bank provides long-term financial assistance for a maximum period of 20 years for agriculture in there ways- (a) It subscribes a portion of debentures issued by the land development banks. (b) It grants long term loans to such banks, (c) It grants loans to state governments for subscribing to the share capital of cooperative credit institutions. The total long- term loans sanctioned by the Reserve Bank were Rs. 212 crore in 1981-82.

**5. Setting Up of Funds:**

To meet its financial obligations, the Reserve Bank set up two national funds in 1956, i.e., the National Agricultural Credit (Long-Term Operations) Funds, and the National Agricultural Credit (Stabilisation) Fund.

The Purpose of the Long-Term Operations Funds was- (a) to make long- term loans available to state governments to enable them to subscribe the share capital of cooperative credit institutions; (b) to make medium-term loans to state cooperative banks for agricultural purposes; (c) to make long-term loans to the central land mortgage banks against the guarantee of the state government; and (d) to purchase debentures of central land mortgage banks against the guarantee of state government. The Stabilisation Fund helps the state cooperative banks to convert their short-term loans into medium-term loans in cases of draught, famine or other calamities.

**6. Strengthening of Cooperative Banking Structure:**

**With a view to strengthen cooperative banking structure and promote cooperative credit, the Reserve Bank undertakes the following measures:**

(i) It pays special attention towards rehabilitating and revitalising the weaker cooperative units.

(ii) It makes arrangements for maintaining the flow of cooperative credit by involving commercial banks to finance the primary agricultural societies.

(iii) It makes efforts in improving the lending policies and operational efficiency of cooperative credit institutions.

(iv) It provides financial accommodation to cooperative credit institutions.

(v) It conducts special training courses at the Cooperative Bankers' Training Colleges for the personnel of state, central and urban banks.

**ABOUT ABHYUDAYA COOPERATIVE BANK**

THE BEGINNING

A dedicated group of social workers and labour movement activists, imbued with the spirit of service to the cause of mill workers, other industrial and hitherto neglected economically weaker sections of society started Abhyudaya Co-op. Credit Society Ltd. in 1964, with a small share capital of Rs. 5,000. The area of Kalachowki, Sewri, Parel and their surroundings were predominantly populated by low income industrial labour and lower middle class people at that time. In a short period of time Abhyudaya Co-op. Credit Society got converted into an Urban Co-op. Bank. Finally in June 1965, Abhyudaya Co-op. Bank Ltd. was established with the motto of "Prosperity through Co-operation.’’

A FORWARD MARCH

The Bank was conferred with Scheduled Bank Status by Reserve Bank of India in September 1988. Over a span of 51 years, it became one of the leading Urban Co-op. Bank in the country with branches in Metropolitan Mumbai, Navi Mumbai, Pune, Thane, Raigad, Nagpur, Nashik, Nanded, Kankavali, Aurangabad, Ahmednagar & Pen in Maharashtra State, Vadodara and Ahmedabad in Gujarat State, Udupi and Mangalore in Karnataka State. On 11th January, 2007 the Bank was registered as a Multi-State Co-op. Bank by the Central Registrar, New Delhi. The area of operation of the bank is confined to 3 States - Maharashtra, Gujarat and Karnataka. The merger of Shree Krishna Sahakari Bank Ltd., Vadodara, Gujarat State, Janatha Co-op. Bank Ltd., Udupi, Karnataka State and Manekchowk Co-op. Bank Ltd., Ahmedabad, Gujarat State has been effected.

VISION AND MISSION OF ABHYUDAYA COOPERATIVE BANK

## VISION

Our Bank's plunge to excellence in all directions will be powered by the VISION that provides overarching inspiration, The VALUES that serve to guide taught & action, The VITALITY that embarks on strategy formation & execution. The immense potential of our Bank will be realized by the distinctive amalgam of the 'Vision, Values & Vitality.

## MISSION

To continuously strive for synergy between technology, systems & human resources for providing products & services that meet the quality, performance & aspirations of the vast clientele & to maintain the highest standards of ethics & societal responsibilities, constantly innovate products & processes & develop teams that keep the momentum going to take the Bank to excellence.

## GROWTH AND STRENGHT

- on 31st March 2019, the bank has more than **Rs. 2.12 lakh** members and more than **Rs. 17.64 lakh** Depositors. As on 31st March 2019, total business mix of the bank has reached over **Rs. 16,820 Crore.** As on 31st March 2019, Bank's Deposits have reached upto **Rs. 11,022 Crore** while Advances have reached upto **Rs. 5,798 Crore**. The Bank has maintained a ratio of CASA Deposits to Total Deposits as high as **39.55%.** The strength of the Bank is reflected in the fact that it's Paid up Capital and Reserves have amounted to **Rs. 1331 Crore** and Investments are to the tune of **Rs. 4,518 Crore**.
  The **Capital Adequacy Ratio** maintained by our bank is as high as **13.17%.**

## PRODUCTS & SERVICES OFFERED BY ABHYUDAYA CO-OP. BANK

The Bank has launched its interactive website for easy accessibility of various products & services for its customers. Bank has successfully implemented **Core Banking Solution (CBS)** technology, through this technology the bank is offering Any Branch Banking Service to the customers. Bank is offering **Abhyudaya Mobile Banking Service** to its customer through which customer can do Self, Intra, Inter & IMPS Fund Transfer. Customer can check balance mini statement, cheque request & host of services through Mobile Banking service. Bank customers can transact cash, transfer of fund, clearing, remittances, etc. from any branch of the bank. Bank is offering **Abhyudaya RuPay Debit Card** which can be used for cash withdrawals, mini statements, balance enquiry and can be used at Point of Sale terminals for merchant transactions. The bank has offsite ATM's installed at Abhyudaya Nagar & Ghatkopar. Bank is providing all types of **Foreign Exchange & Money Transfer**
**Services** such as MoneyGram & Xpress Money. Bank is also offering Tele-banking and Internet Banking services. Customers of our bank can get **monthly statement** of account through email. Bank has installed Cash Deposit Machines at New Panvel, Vashi & Nehru Nagar, subsequently Bank will install Cash Deposit Machines at other Branches.

Bank has implemented **Pradhan Mantri Jan-Dhan Yojana (PMJDY)** for achieving the national objective of Financial Inclusion & providing banking services to common man. Bank has launched **Pradhan Mantri Jeevanjyoti Bima Yojana - (PMJBY)** & **Pradhan Mantri Suraksha Bima Yojana - (PMSBY)**. Bank has registered itself with CPSMS (Central Planned Scheme Monitoring System) which is a project of Dept. of, Ministry of Finance; New Delhi for providing **AADHAAR based Direct Cash Transfer Benefits** (Subsidies) to the customers.

Bank has implemented / adopted other RBI Schemes such as RTGS, NACH, NEFT, Speed Clearing etc. Bank has taken corporate Agency of LIC of India , The New India Assurance Co. Ltd. and Religare Health Insurance. All types of life insurance policies of LIC , General Insurance policies of The New India Assurance Co. Ltd. & Health Insurance Policies are made available at all our branches.

Out of **111** branches, **34** branches are rendering all seven days a week service to the customers. Our customers are free to operate on other banks **ATMs** through NFS Network of more than **2.22 Lakh ATMs** and customers of other banks can transact from **114 ATMs** machines installed by our bank. The Bank has offsite ATM's installed at Abhyudaya Nagar & Ghatkopar. Bank is also offering **Demat, Pan Card Facility, & Online Tax Payment Services** through network of our branches. From two branches viz. Vashi & New Panvel 'Franking' facility is made available for the general public.

Bank is having its own fully equipped staff training college at Vashi premises whereby the talent of the staff members and officials are groomed to make them competitive to face the challenges in the banking sector.

## AWARD AND PRIZES

- Bank has won the prestigious **IDRBT Banking Technology Excellence Award** for the year 2014-15 for 'Best IT enabled Co- operative Bank' Award.
- Bank has won **Lokmat Corporate Excellence Award** for Brand Excellence in Banking.

## LONG TERM PERSPECTIVE

With the expanding horizons, continuous developments and competition the bank proposes to become full fledged financial service provider, fulfilling requirements of customers and other stakeholders by providing all allied services, as permitted by the regulatory authorities. The Bank has adopted advanced technology for providing faster and convenient services to clients. These major long term proposals will enable the bank to increase its market share and better fulfillment of expectations of all the stakeholders.

SWOT Analysis:

Strengths:

1. Detailed Analysis: The study offers a comprehensive examination of the performance of co-operative banks in India, focusing on the financial performance of Abhyudaya Cooperative Bank. This thorough analysis provides valuable insights into the operations and financial health of the bank.

2. Specific Sample Selection: By selecting Abhyudaya Cooperative Bank as the sample, the study allows for a focused assessment, enabling researchers to delve deeper into the factors affecting the performance of a specific co-operative bank.

3. Relevance to Indian Financial Sector: Given the significant role of co-operative banks in India's financial system, this study holds relevance for policymakers, regulators, and stakeholders seeking to understand and improve the performance of these institutions.

Weaknesses:

1. Limited Scope: The study's focus on a single co-operative bank may limit the generalizability of its findings to the broader co-operative banking sector in India. A broader sample selection could provide a more comprehensive understanding of the sector's overall performance.

2. Data Availability: The study's findings may be constrained by the availability and reliability of data pertaining to the selected co-operative bank, potentially limiting the depth of analysis and the accuracy of conclusions drawn.

Opportunities:

1. Policy Implications: The findings of the study can inform policy decisions aimed at enhancing the performance and regulatory framework of co-operative banks in India, thereby contributing to the overall stability and efficiency of the financial sector.

2. Comparative Studies: Future research could build upon this study by conducting comparative analyses across multiple co-operative banks, allowing for a broader assessment of performance drivers and best practices within the sector.

Threats:

1. External Factors: The performance of co-operative banks in India may be influenced by various external factors, such as economic conditions, regulatory changes, and technological advancements. These external threats could impact the validity and applicability of the study's findings over time.

2. Competitive Landscape: Co-operative banks operate in a competitive environment alongside other financial institutions, which may pose challenges to their performance and growth. Understanding and mitigating these competitive threats are essential for sustaining the success of co-operative banks.

Summary of SWOT Analysis:

The study delving into the performance of co-operative banks in India, particularly focusing on the financial performance of Abhyudaya Cooperative Bank, provides a nuanced understanding of the sector's dynamics.

Strengths:

The analysis offers a comprehensive overview of the financial performance of co-operative banks, shedding light on their operations and efficiency. By selecting Abhyudaya Cooperative Bank as the sample, researchers were able to conduct a detailed examination, uncovering valuable insights that can inform decision-making within the bank and the broader industry. Moreover, the study's relevance to India's financial sector is significant, considering the pivotal role co-operative banks play in the country's banking landscape.

Weaknesses:

While the study provides in-depth insights into the performance of Abhyudaya Cooperative Bank, its focus on a single institution limits the generalizability of its findings to the entire co-operative banking sector in India. Additionally, the reliance on data availability and reliability could potentially constrain the depth of analysis, impacting the accuracy of conclusions drawn from the study.

Opportunities:

The findings of the study hold promise for informing policy decisions aimed at enhancing the performance and regulatory framework of co-operative banks in India. By understanding the factors influencing their performance, policymakers and regulators can implement strategies to bolster the stability and efficiency of the sector. Furthermore, there is an opportunity for future research to build upon this study by conducting comparative analyses across multiple co-operative banks, providing broader insights into performance drivers and best practices within the sector.

Threats:

External factors such as economic conditions and regulatory changes pose threats to the validity and applicability of the study's findings over time. The dynamic nature of the banking industry, coupled with evolving market conditions, necessitates continuous monitoring and adaptation of strategies to ensure the sustainability of co-operative banks. Additionally, competition from other financial institutions presents challenges to the growth and long-term viability of co-operative banks, highlighting the need for proactive measures to maintain their competitive edge.

The financial performance of :

The financial performance of Abhyudaya Cooperative Bank has been a subject of scrutiny and analysis within the banking industry. This includes an assessment of various financial metrics such as profitability, liquidity, asset quality, and capital adequacy. By examining factors like net interest margin, return on assets, loan-to-deposit ratio, non-performing assets, and capital adequacy ratio, analysts aim to gauge the bank's overall health and efficiency in managing its financial resources. Additionally, trends in deposit growth, loan portfolio diversification, and cost management strategies are evaluated to understand the bank's competitive position and sustainability in the market. The financial performance of Abhyudaya Cooperative Bank serves as a key indicator of its ability to meet the needs of its customers, generate sustainable returns for its shareholders, and contribute to the stability of the banking system.

The financial performance of Abhyudaya Cooperative Bank refers to the bank's ability to effectively manage its financial resources and generate profits over a specific period. This evaluation typically includes assessing key financial metrics such as revenue growth, profitability, asset quality, liquidity, and capital adequacy.

Revenue growth indicates the bank's ability to increase its income streams, which can be achieved through expanding its customer base, offering new products or services, or increasing the volume of existing services.

Profitability measures the bank's ability to generate profits relative to its expenses and investments. This includes metrics such as net interest margin, return on assets (ROA), and return on equity (ROE). A healthy level of profitability is essential for sustaining the bank's operations and attracting investors.

Asset quality assesses the quality of the bank's loan portfolio by examining factors such as the level of non-performing assets (NPAs) or loans that are not being repaid on time. Lower levels of NPAs indicate better asset quality and lower credit risk for the bank.

Liquidity measures the bank's ability to meet its short-term financial obligations without incurring significant losses. Adequate liquidity ensures that the bank can fulfill customer withdrawals and other financial commitments promptly.

Capital adequacy evaluates the bank's capital reserves relative to its risk-weighted assets, ensuring that the bank has sufficient capital to absorb potential losses and maintain financial stability.

Overall, analyzing the financial performance of Abhyudaya Cooperative Bank provides insights into its operational efficiency, risk management practices, and overall health, which are crucial for stakeholders, including investors, regulators, and customers.

# ABHYUDAYA CO-OP. BANK LTD.

## BALANCE SHEET AS AT 31ST MARCH, 2021 (AUDITED)

| SR. NO. | CAPITAL AND LIABILITIES | SCH NO. | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|---|---|
| 1 | SHARE CAPITAL (Yeeie Yeeb[Jeue) | 1 | 1,67,67,11,990.00 | 1,61,62,89,880.00 |
| 2 | RESERVE FUND AND OTHER RESERVES (jeKeerJe Je Flej efveOeer) | 2 | 13,57,22,32,428.96 | 12,18,69,93,294.92 |
| 3 | DEPOSITS AND OTHER ACCOUNTS (pbsJeer ) | 3 | 1,09,52,44,77,451.26 | 1,08,38,07,53,582.95 |
| 4 | BORROWINGS (GmeveJeejer) | 4 | 5,05,43,26,620.00 | 2,05,79,54,000.00 |
| 5 | BILLS FOR COLLECTION BEING BILLS RECEIVABLE (As per Contra) (Jemegueer®eer pecee efyeues) | | 50,00,69,678.00 | 39,41,03,562.00 |
| 6 | OVERDUE INTEREST RESERVE (LeefkeÀle J³eepe efveOeer) | | 73,45,68,184.64 | 52,74,03,659.41 |
| 7 | INTEREST PAYABLE (os³e J³eepe) | | 13,00,85,554.93 | 14,13,48,397.21 |
| 8 | OTHER LIABILITIES (Dev³e osCeer) | 5 | 1,56,26,16,458.60 | 1,37,70,57,462.31 |
| 9 | UNAPPROPRIATED PROFIT | | - | 7,81,50,703.52 |
| 10 | PROFIT & LOSS ACCOUNT (veHeÀe) | 6 | 3,54,65,612.21 | 16,22,44,560.41 |
| | **GRAND TOTAL** | | **1,32,79,05,53,978.60** | **1,26,92,22,99,102.73** |

| SR. NO. | PROPERTY AND ASSETS | SCH NO. | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|---|---|
| 1 | CASH AND BANK BALANCES (vekeÀoer Je yeBkeÀ) | 7 | 5,45,08,68,599.79 | 4,02,08,63,517.54 |
| 2 | BALANCES WITH OTHER BANKS (Flej yeBbkessÀleerue efMeuuekeÀ) | 8 | 5,24,35,28,561.66 | 8,23,39,16,762.60 |
| 3 | MONEY AT CALL & SHORT NOTICE | | 4,50,62,54,994.44 | 3,50,00,00,000.00 |
| 4 | INVESTMENTS (iegbleJeCetkeÀ) | 9 | 39,14,74,39,172.16 | 35,08,41,28,120.96 |
| 5 | ADVANCES (keÀpex) | 10 | 67,11,24,14,609.71 | 66,54,37,90,032.05 |
| 6 | INTEREST RECEIVABLE (³esCes J³eepe) | | | |
| a) | On Investments (iegbleJeCetkeÀerJejerue) | | 41,11,53,870.21 | 66,89,82,197.78 |
| b) | On Advances (keÀpee&Jejerue) | | 73,45,68,184.64 | 52,74,03,659.41 |
| 7 | BILLS RECEIVABLE BEING BILLS FOR COLLECTION (As per Contra) (Jemettueer®eer ³esCes efyeues | | 50,00,69,678.00 | 39,41,03,562.00 |
| 8 | BRANCH ADJUSTMENTS (MeeKebe®es mecee³eespeve) | | 3,50,07,339.03 | 5,38,998.45 |
| 9 | PROPERTY, PLANT & EQUIPMENT | 11 | 8,42,03,81,830.29 | 6,53,96,42,180.60 |
| 10 | OTHER ASSETS (Dev³e efpeboieer) | 12 | 1,17,46,79,566.55 | 1,37,12,72,040.22 |
| 11 | DEFERRED TAX ASSET (mLeefiele keÀj efpeboieer) | | 5,41,87,572.12 | 3,76,58,031.12 |
| | **GRAND TOTAL** | | **1,32,79,05,53,978.60** | **1,26,92,22,99,102.73** |
| | **CONTINGENT LIABILITIES** | | | |
| 1 | Guarantees Issued | | 6,27,54,02,387.08 | 6,82,04,04,495.02 |
| 2 | Letter of Credit Issued | | 1,13,78,47,747.59 | 88,05,30,206.17 |
| 3 | Forward Exchange Contracts | | 2,18,44,62,820.00 | 1,55,61,34,979.00 |
| 4 | DEA Fund Liabilities | | 63,75,20,256.89 | 46,25,48,983.95 |
| 5 | Others (Refer Notes to Accounts) | | 16,80,35,058.00 | 9,83,34,985.00 |
| | | | **10,40,32,68,269.56** | **9,81,79,53,649.14** |

Here is a breakdown and analysis of the Capital and Liabilities section:

1.Share Capital:

This represents the total amount of capital contributed by the shareholders of the bank. As of March 31, 2021, the share capital stands at ₹1,67,67,11,990.00, showing an increase from the previous year's figure of ₹1,61,62,89,880.00. This indicates a positive trend in shareholder investment in the bank.

2. Reserve Fund and Other Reserves:

This includes reserves set aside by the bank for various purposes, such as future contingencies or expansion plans. The reserve fund and other reserves amount to ₹13,57,22,32,428.96 as of March 31, 2021, showing growth from the previous year's figure of ₹12,18,69,93,294.92. This increase indicates the bank's focus on building its reserves for future stability and growth.

3 Deposits and Other Accounts:

This category represents the total amount of deposits and other accounts held by the bank's customers. As of March 31, 2021, the total deposits and other accounts amount to ₹1,09,52,44,77,451.26, showing a slight increase from the previous year's figure of ₹1,08,38,07,53,582.95. This indicates continued confidence and trust in the bank from its customers.

4.Borrowing:

This includes funds borrowed by the bank from external sources. As of March 31, 2021, the total borrowings stand at ₹5,05,43,26,620.00, significantly higher than the previous year's figure of ₹2,05,79,54,000.00. This increase suggests the bank's reliance on external funding sources for its operations or expansion plans.

5 Other Liabilities:

This category includes any other obligations or liabilities of the bank not covered by the previous categories. As of March 31, 2021, other liabilities amount to ₹1,56,26,16,458.60, showing an increase from the previous year's figure of ₹1,37,70,57,462.31. This increase may be attributed to various operational or regulatory requirements.

**7.** Unappropriated Profit

This represents the portion of the bank's profits that have not been allocated for specific purposes or distributions to shareholders. As of March 31, 2021, unappropriated profit stands at -₹7,81,50,703.52, indicating a deficit in profits that have been allocated or distributed.

**8.** Profit & Loss Account:

This category represents the net profit or loss generated by the bank during the fiscal year. As of March 31, 2021, the profit & loss account shows a profit of ₹3,54,65,612.21, compared to ₹16,22,44,560.41 in the previous year. This decrease in profitability may warrant further investigation into the factors contributing to the decline.

Overall, the Capital and Liabilities section provides insights into the financial health and performance of Abhyudaya Cooperative Bank, highlighting areas of strength and areas that may require attention or improvement.

Key Performance Indicators:

Here are the Key Performance Indicators (KPIs) for the study related to the performance of co-operative banks in India, with Abhyudaya Cooperative Bank as the sample, along with a detailed explanation for each:

1. **Return on Assets (ROA)**:

- ROA measures the bank's ability to generate profits relative to its total assets.

- Formula: Net Income / Total Assets

- A higher ROA indicates better asset utilization and profitability.

2. **Return on Equity (ROE)**:

- ROE evaluates the bank's profitability in relation to shareholders' equity.

- Formula: Net Income / Shareholders' Equity

- A higher ROE reflects effective use of shareholders' funds to generate returns.

3. **Net Interest Margin (NIM)**:

- NIM indicates the difference between interest earned on loans and interest paid on deposits, relative to total assets.

- Formula: (Interest Income - Interest Expense) / Total Assets

- A higher NIM suggests better management of interest rate spreads and profitability from core banking activities.

4. **Asset Quality Ratio**:

- This ratio evaluates the quality of the bank's loan portfolio by comparing non-performing assets (NPAs) to total assets.

- Formula: (Non-Performing Assets / Total Assets) * 100

- A lower ratio indicates healthier asset quality and effective credit risk management.

5. **Capital Adequacy Ratio (CAR)**:

- CAR assesses the bank's capital adequacy relative to its risk-weighted assets, ensuring it has sufficient capital to absorb potential losses.

- Formula: (Total Capital / Risk-Weighted Assets) * 100

- Regulatory guidelines typically mandate a minimum CAR to ensure financial stability and regulatory compliance.

6. **Cost-to-Income Ratio**:

- This ratio measures the bank's efficiency by comparing operating expenses to total income.

- Formula: (Operating Expenses / Total Income) * 100

- A lower ratio indicates better cost management and operational efficiency.

7. **Loan-to-Deposit Ratio**:

- This ratio evaluates the bank's liquidity position and loan origination capabilities by comparing loans funded by customer deposits.

- Formula: (Total Loans / Total Deposits) * 100

- A balanced ratio indicates prudent lending practices and adequate liquidity management.

8. **Growth in Deposits and Advances**:

- This KPI assesses the bank's ability to attract deposits and extend loans, reflecting its market share and growth potential.

- Comparison of year-on-year growth rates in deposits and advances provides insights into the bank's performance and market expansion strategies.

9. **Operating Efficiency Ratio**:

- This ratio measures the bank's operating expenses as a percentage of total assets.

- Formula: (Operating Expenses / Total Assets) * 100

- A lower ratio indicates higher operational efficiency and cost-effective operations.

10. **Net Profit Margin**:

- This KPI evaluates the bank's profitability by comparing net profit to total revenue.

- Formula: (Net Profit / Total Revenue) * 100

- A higher net profit margin indicates better profitability and effective cost management.

These KPIs offer a comprehensive assessment of Abhyudaya Cooperative Bank's financial performance, operational efficiency, risk management, and growth prospects within the context of the co-operative banking sector in India.

Future Prospects:

The study examining the performance of co-operative banks in India, with a focus on Abhyudaya Cooperative Bank, presents several potential future prospects for the bank and the broader co-operative banking sector:

1. **Digital Transformation**: Embracing digital technologies will be crucial for co-operative banks to enhance efficiency, improve customer experience, and remain competitive. Abhyudaya Cooperative Bank can invest in digital banking solutions, such as mobile banking apps, online account opening, and digital payment platforms, to cater to the evolving needs of customers and adapt to changing market dynamics.

2. **Expansion of Service Offerings**: Diversifying product and service offerings beyond traditional banking services can help co-operative banks attract new customers and generate additional revenue streams. Abhyudaya Cooperative Bank can explore offering insurance products, investment advisory services, and wealth management solutions to meet the diverse financial needs of its customers and enhance its value proposition.

3. **Focus on Financial Inclusion**: Co-operative banks have a unique opportunity to contribute to financial inclusion by serving underserved and unbanked populations in rural and semi-urban areas. Abhyudaya Cooperative Bank can leverage its local presence and community-focused approach to expand its reach and offer tailored financial products and services to marginalized communities, thereby promoting inclusive growth and socioeconomic development.

4. **Risk Management and Compliance**: With regulatory requirements becoming more stringent and the risk landscape evolving rapidly, co-operative banks need to strengthen their risk management frameworks and compliance practices. Abhyudaya Cooperative Bank can invest in robust risk assessment tools, enhance internal controls, and provide regular training to staff to mitigate operational, credit, and compliance risks effectively.

5. **Partnerships and Collaborations**: Collaborating with fintech firms, non-banking financial institutions, and other stakeholders can provide co-operative banks like Abhyudaya Cooperative Bank with access to innovative technologies, expanded distribution channels, and new customer segments. Strategic partnerships can enable the bank to accelerate its digital transformation journey, drive innovation, and enhance its competitive positioning in the market.

6. **Sustainable Growth Strategies**: Pursuing sustainable growth strategies that balance financial performance with social and environmental responsibility is imperative for co-operative banks to build long-term resilience and create value for all stakeholders. Abhyudaya Cooperative Bank can integrate environmental, social, and governance (ESG) considerations into its business strategy,

product development, and decision-making processes to drive sustainable growth, foster trust, and strengthen its reputation as a responsible financial institution

7. **Customer-Centric Approach**: Prioritizing customer needs and preferences to deliver personalized services and foster long-term relationships.

8. **Efficient Operational Practices**: Streamlining processes and adopting cost-effective measures to improve operational efficiency and reduce overheads.

9. **Employee Development and Training**: Investing in training and development programs to empower employees with the necessary skills and knowledge to deliver high-quality services.

10. **Community Engagement and Corporate Social Responsibility (CSR)**: Engaging with local communities through CSR initiatives and actively contributing to social and environmental causes.

11. **Adaptation to Regulatory Changes**: Staying abreast of regulatory developments and adapting policies and procedures accordingly to ensure compliance and mitigate regulatory risks.

12. **Continuous Monitoring and Evaluation**: Implementing robust monitoring and evaluation mechanisms to track progress against goals and make informed strategic decisions.

By embracing these future prospects, Abhyudaya Cooperative Bank and other co-operative banks can position themselves for sustained growth, resilience, and relevance in the dynamic banking landscape of India.

Overall, by embracing digital innovation, expanding service offerings, promoting financial inclusion, strengthening risk management practices, fostering strategic partnerships, and adopting sustainable growth strategies, Abhyudaya Cooperative Bank can position itself for future success and contribute to the continued growth and development of the co-operative banking sector in India.

The role of the study related to the performance of co-operative banks in India, with a specific focus on Abhyudaya Cooperative Bank as the sample, is multifaceted and crucial in several aspects:

1. **Understanding Financial Health**: The study plays a pivotal role in understanding the financial health and performance of co-operative banks in India. By analyzing the financial performance of Abhyudaya Cooperative Bank, researchers can gain insights into key metrics such as profitability, asset quality, liquidity, and capital adequacy, which are indicative of the overall health of the bank and the co-operative banking sector as a whole.

2. **Identifying Strengths and Weaknesses**: Through the study, strengths and weaknesses of Abhyudaya Cooperative Bank and other co-operative banks can be identified. By examining factors contributing to financial success or challenges, such as efficient management practices, effective risk management strategies, or areas of improvement, stakeholders can better understand where the bank stands relative to its peers and industry benchmarks.

3. **Informing Policy Decisions**: The findings of the study can inform policy decisions aimed at enhancing the performance and regulatory framework of co-operative banks in India. Policymakers, regulators, and industry experts can use the insights gained from the study to develop targeted interventions or regulations to address specific issues identified in the co-operative banking sector and promote its overall stability and growth.

4. **Driving Strategic Planning**: The study can serve as a valuable tool for strategic planning within Abhyudaya Cooperative Bank and other co-operative banks. By understanding their financial performance relative to industry peers and identifying areas for improvement, bank management can develop targeted strategies to enhance operational efficiency, strengthen risk management practices, and drive sustainable growth.

5. **Facilitating Stakeholder Communication**: The study facilitates communication and transparency between stakeholders, including shareholders, customers, regulators, and the broader community. By providing objective insights into the financial performance of Abhyudaya Cooperative Bank and the co-operative banking sector, stakeholders can make informed decisions, build trust, and ensure accountability within the banking industry.

Overall, the study plays a crucial role in assessing and improving the performance of co-operative banks in India, contributing to their long-term sustainability and their ability to fulfill their role in serving communities and promoting financial inclusion.

# CHAPTER II

## REVIEW OF LITERATURE

**Das (1997),** in his paper, studied the productivity in nationalised banks. He observed that labour productivity in nationalised banks, over the time, had not only remained low but also substantially declined. He advocated the restructuring of banks to improve productivity in Indian banks

**Ramamoorthy (1997)**, in his paper titled, "Profitability and Productivity in Indian Banking – International Comparisons and Implications for Indian Banking" observed that the old order of regulated market banks were not conscious of their profitability and productivity levels.
But new economic order has compelled these banks to shift towards market-oriented, commercially driven banking system. He also observed in his study that performance of banks operating in different economic systems with different levels of economic development and varying degrees of regulations were not comparable. The results further revealed that profitability of a bank was a function of allocation efficiency, volume of credit, provisioning for loan losses, interest rate movements and operating cost structure. He suggested that performance incentive plans, motivation, training and leadership of human resources and level of technology absorption can improve the productivity and profitability of the banks.

**Kapoor (1999)**, in recognition of the relevance and catalytic role of co-operative banks in the development of agriculture and non-agriculture sector of Indian rural economy, Government of India on 9 th April 1999, appointed a task force under the chairmanship of Jagdish Kapoor for revival of co-operative banks. The main objective of the committee was to review the functioning of co-operative credit structure and suggest measures to make them member driven professional business enterprises.

The committee suggested as under:

1. The licensing of DCCBs be brought under the provision of Banking Regulation Act, 1949.

2. Bifurcation of DCCBs should be on the sole criterion of viability (not on political considerations).

3. DCCBs should be included in 2 nd schedule of RBI Act

. 4. Asset liability management should be implemented in the SCBs and DCCBs.

5. NABARD should establish a co-operative development fund.

6. RBI/NABARD should issue guidelines for a common accounting system in SCBs and DCCBs.

**Niranjanraj and Chitanbaram (2000)**, in their study titled, “Measuring the Performance of DCCBs” observed that suitable models should be developed to evaluate the performance of co-operative banks. They considered 23 parameters falling into four major groups for measuring the performance of District Central Cooperative Banks and assigned appropriate weights to each parameter. They ranked 14 District Central Co-operative Banks of Kerala based on composite marks. They suggested that performance of co-operative banks should not be measured in terms of financial/ economic achievements only but their performance as co-operative organizations (social achievements) should also be evaluated.

**Satyasai and Badatya (2000)** conducted a study regarding restructuring Rural Credit Co- operative Institutions. They analysed performance of rural co-operative credit institutions on the basis of borrowings and lending operations, cost structure, financial viability, etc. and found that co-operative system, in general, had failed to perform its functions properly. They advised the co-operative banks to diversify their business and also to overcome internal (rising transaction cost, declining business level, mismanagement of overdues) and external (excessive bureaucratization, politicization) weaknesses.

**Carlos et al. (2005)** studied productivity changes in European co- operative banks and concluded that an effective use of technology between 1996 and 2003 had increased productivity for majority of the European co-operative banks under study. An appropriate policy recommendation by the researchers was for larger or centralized co-operative banks to develop and franchise technology to smaller cooperatives.

**Bagchi (2006)**, in his study titled “Agriculture and Rural Development are Synonymous in Reality: Suggested Role of CAs in Accelerating Process” analyzed the performance of Primary Agriculture Credit Societies, and observed that PACS could not match up to the increasing requirements of growth dimensions in the Agriculture /Rural development in the Post-independence period, although till the late 50s, they were the only available source of institutional rural finance.

**Singh and Singh (2006)** in their study titled, “Funds Management in Central Cooperative Banks−Analysis of Financial Margin” attempted to estimate the impact of identified variables on the financial margin of the central co-operative banks in Punjab with the help of correlation and multiple step-wise regression approach. The ratio of own funds to working funds and the ratio of recovery to demand were observed to be having positive significant influence on financial margin, whereas overdues to total loans were found to be negatively associated with the concerned parameter. A high percentage of own funds and timely

recovery of previous loans outstanding, as a source of funding new loans by the bank, increased the financial margin in these banks.

**Heiko and Martin (2007)** of IMF conducted a study on co-operative banks and their financial stability. The study was based on individual bank data drawn from the Bank Scope Database for 29 major advanced economies and emerging markets that were members of the Organization for Economic Co-operation and Development (OCED). They found that co- operative banks in advanced economies and emerging markets had higher scores than commercial banks, suggesting that co-operative banks were more stable. These findings, perhaps somewhat surprising at first, were due to much lower volatility of co-operative banks' returns, which offsets their relatively lower profitability and capitalisation.

**Shah (2007)** conducted a case study of Sangli and Buldana District Central Cooperative Banks regarding the financial health of credit co-operatives in Maharashtra and found NPAs or overdues as the main factors for deterioration in health of these banks. The study revealed that both these banks showed a decline in their financial health and economic viability during the late nineties as against the early nineties period.

**Kumar (2008)**, in her thesis, worked on "Management of Non-Performing Advances − A iStudy of District Central Co-operative Banks of Punjab". A sample of ten DCCBs, i.e., five with high level of NPAs and five with low level of NPAs, was taken for the study. It was found that despite the best efforts, Central Co-operative banks had not succeeded in diversifying their business. The NPAs in crop loan were found to be the lowest, while these were the highest in non-farm sector loan. On the basis of step-wise multiple regressions, it was found that caste, education, amount and adequacy of loan were the main factors affecting repayment performance of the borrowers. She suggested that these banks should form a special cell to monitor NPAs and should take services of recovery agents.

**Kulkarni (1979)**, in his study titled, "Development Responsibility and Profitability of Banks" stressed upon social responsibilities of banking sector. He was of the view that looking for profit maximization only was not true profitability of banks as social benefits arising out of bank operations cannot be ignored. He observed that while fulfilling the social responsibility, banks should try to make the basic banking business as successful as possible, reduce cost, improve banking system and increase the overall profitability.

**Markand (1979)**, in his book titled, "Social Priority Index of Public Sector Banks" evaluated the performance of public sector banks. With the help of performance index consisting six quantitative indicators such as branch expansion, priority sector credit, and wage cost, he concluded that the priority sector financing was essential, and necessary. For better performance in this sector he suggested that lending power should be delegated to the branch managers.

**Chopra (1987)**, in her book, studied operational efficiency of some selected public sectors banks. She found the lack of professionalism in banking industry and stressed for the introduction of scientific management practices to enhance profits and profitability of public sector banks. She recommended comprehensive management of costs as well as earning of the banks.

**Adhir Ambavane (May,2011)** in their article “A study of efficacy of staff training programme in urban co operative bank in Raigad district – Maharashtra” published in International referred research journal ,Volume II, Issue No. 20, (page no. 35-36) concluded that training is an important tool for increasing the overall productivity of an organization. The emergence of new sectors, where human elements play a pivotal role, has exponentially increased the need for training.

**Anil Matkar [2012]** in their article “A Glance in financial performance and retail banking products of Maharashtra state co op. Bank” published in ABHINAV, Volume 1,Issue No. 3,(Page No. 142-156) concluded that the increase in the net non – interest income, profit per employee, business per employee, capital adequacy ratio and decrease in the operating expenses, staff cost level of non performing assets by the last few years indicates that the financial performance of the MSC Bank in retail banking products has been good and retail banking has also contributed well to overall progress of thje MSC Bank.

**Ms. Vidya Ramchandra Shelke [November, 2011]** in their article “A study of performance and challenges before the D.C.C. Bank Ltd , Sangli” published in Golden research thoughts Volume 1, Issue No. V, (Page No. 1-4) concluded that in nutshell, the Cooperative Banks are the life blood of Indian economy and the mechanisms for any development programs. In this LPG era the cooperatives are an ideal instrument in economic and social development through strong local community.

**Rajiv Kumar and Kaur Jasmindeep [ December, 2010]** in their article “Financial Appraisal of Haryana State Co operative Apex Bank” published in Advances in management, Volume3,Issue No. 12, (Page No. 41-48) concluded that results of the study showed that in the membership of the bank, major share was of cooperatives. Whereas, individuals and government had very less percentage share and in paid up share capital, the maximum share was in the hands of cooperative, government share was minimum in it.

**Ramesh Chander and Jai Kishan Chandel [November - April, 2011]** in their article "An Evaluation of financial performance and viability of cooperative banks – A study of four DCCBs in Haryana (INDIA)" published in KAIM journal of management and research, Volume 3,Issue No. 2, (Page No. 1-12) concluded that the present study has been an attempt to identify the financial performance and efficiency of District Central Cooperaive Bank(DCCBs) operating in Hisar division in Haryana comprising of Hisar, Bhiwani, Fatehabad and Sirsa.

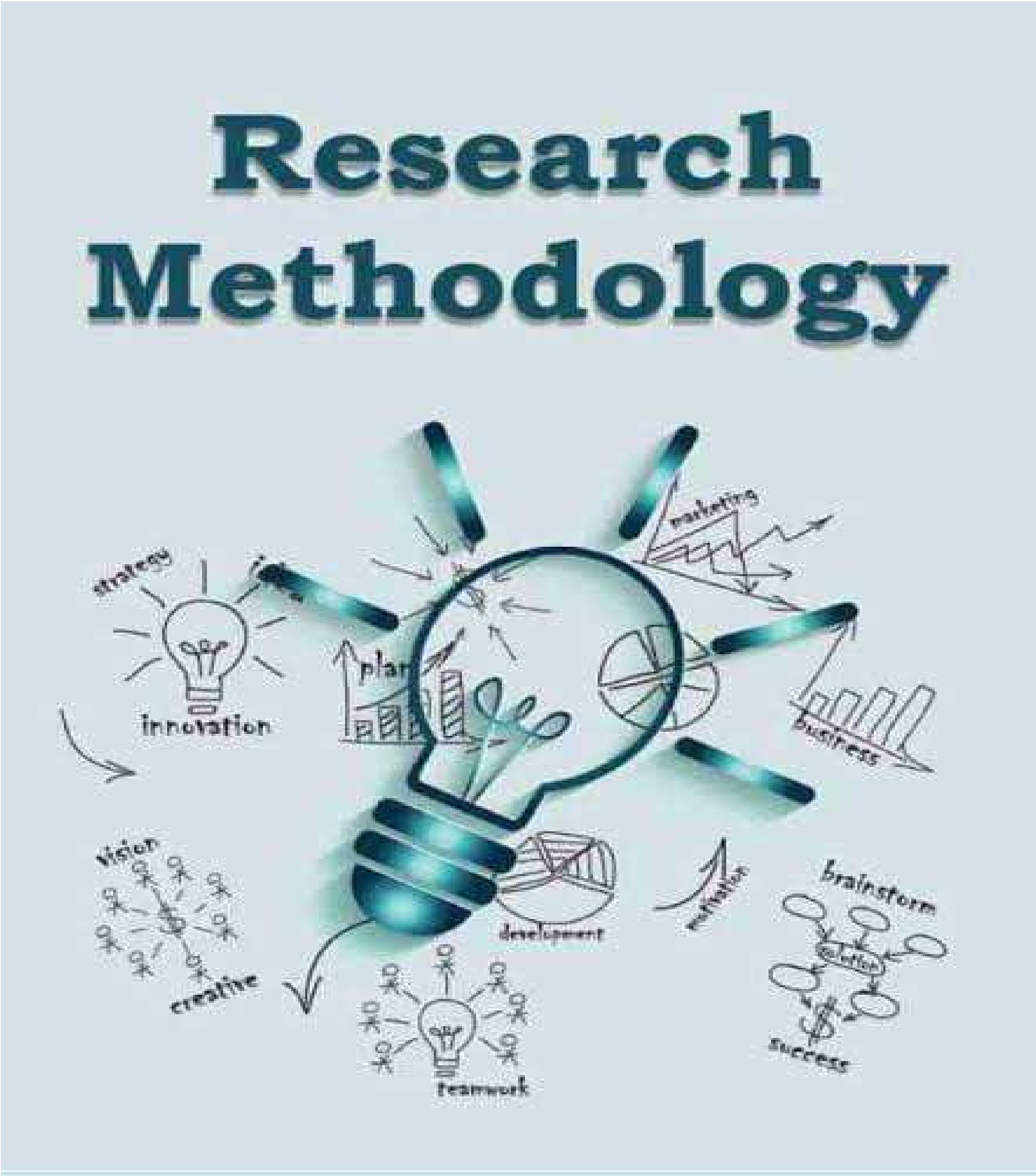
**Sanjay Kanti Das [March, 2012]** in their article "Operational and financial performance analysis of Meghalaya cooperative Apex Bank" published in Journal on banking financial services and insurance research, Volume 2,Issue No. 3, (Page No. 20-39) concluded that MCAB is one of the top most cooperative banking institutions in Meghalaya and renders services towards the common people as friend, philosopher and guide. The bank earned consistent profit during the years from inception except a few years.

**Vijay Hooda [May, 2011]** in their article "State cooperative banks versus scheduled commercial banks: A comparison of three financial ratios" published in International journal of computing and business research, Volume 2, Issue No.2, (Page No. 40-50) concluded that Even though the objectives of cooperative banks and commercial banks primarily differ, both types of banks are important for financial inclusion in particular and socio-economic development of our population in general. The present study has compared the performance of StCBs with SCBs by considering the three financial ratios.

**Reshma B. Khatavkar, Chadrakant B. Kamble [July – Aug 2012]** in their article "Performance evaluation of the Rayat sevak co operative bank Ltd. Satara : A case study of Karad Branch" published in Golden research thoughts, Volume II, Issue No. II concluded that Rayat sevak co operative bank Ltd. Satara firstly known as the Rayat sevak co operative credit society on 16th Aug 1940. Therein 1969 it came into light as the Rayat sevak cooperative bank. Accountholder of this bank was 4778 during the year 2000-01 and upto 31stMarch 2008 was 6198.

CHAPTER-III

RESEARCH METHODOLOGY



### 3.1 OBJECTIVE

1. To study financial performance of cooperative bank.

2. To know working of cooperative bank.

3. To study about strategies used to improve bank performance.

4. To understand benefits from performance management to cooperative bank.

5. To study the problems faced by cooperative bank in competitive world.

### 3.2 SCOPE

1. level of profitability earned by cooperative bank.

2. To study the existing modern transaction system in the financial sector mainly in cooperative bank.

3. finding the problems faced by cooperative bank.

### 3.3 LIMITATIONS

Besides the success of the research work, there were certain limitations which were faced by the researcher.

- The information collected is mainly primary data and the accuracy is subject to the responses received.
- Due to lack of time the good amount of data collection was not possible so research had to rely on limited data of samples size of 60 respondents only.
- The research was only focused on limited area of navi Mumbai.
- The people were not interested in filling questionnaire because of their busy schedule.
- The bank employees were not interested in filling questionnaire because of their busy schedule.

### 3.4 SAMPLE SIZE

Total sample size was of 60. 45

customers and 15 bankers.

### 3.5 METHODOLOGY

The research was an explanatory.

## 3.6 DATA SOURCES

Introduction:

The research aims to analyze the financial performance of Abhyudaya Cooperative Bank, focusing on key indicators and factors influencing its financial health. This section outlines the methodology employed in conducting the study.

Research Design:

This study adopts a quantitative research design to analyze numerical data related to the financial performance of Abhyudaya Cooperative Bank. Both primary and secondary data sources will be utilized to ensure comprehensive analysis.

Data Collection Methods:

1. Secondary Data:

- Financial reports: Annual reports, balance sheets, income statements, and other financial documents of Abhyudaya Cooperative Bank will be collected and analyzed.

- Industry reports: Relevant industry reports, market analyses, and regulatory documents will provide contextual information.

- Academic literature: Existing research studies, articles, and academic papers related to cooperative banks and financial performance will be reviewed to gain insights and theoretical frameworks.

2. Primary Data:

- Surveys: Questionnaires will be distributed to bank officials, employees, and stakeholders to gather opinions and perspectives on the bank's financial performance.

- Interviews: Structured interviews with key personnel such as bank executives, managers, and financial analysts will provide qualitative insights into factors influencing financial performance.

Variables:

The following variables will be considered in analyzing the financial performance of Abhyudaya Cooperative Bank:

1. Profitability indicators: Return on assets (ROA), return on equity (ROE), net interest margin (NIM), and operating efficiency ratio.

2. Asset quality metrics: Non-performing loans (NPL) ratio, loan loss provision ratio, and asset quality indicators.

3. Liquidity measures: Liquidity coverage ratio (LCR), loan-to-deposit ratio (LDR), and cash reserve ratio (CRR).

4. Capital adequacy ratios: Capital adequacy ratio (CAR) and Tier 1 capital ratio.

5. Growth indicators: Loan growth rate, deposit growth rate, and asset growth rate.

Data Analysis:

Quantitative data collected will be analyzed using statistical techniques such as ratio analysis, trend analysis, and comparative analysis. Qualitative data from interviews and surveys will be analyzed thematically to identify key themes and patterns.

1. Research Approach:

This study will employ a mixed-method approach, incorporating both quantitative and qualitative research methods. Quantitative methods will be utilized to analyze financial data, while qualitative methods such as surveys and interviews will provide insights into subjective aspects of the bank's performance.

2. Research Design:

- Cross-sectional design: The study will analyze financial data from a single point in time to assess the current financial performance of Abhyudaya Cooperative Bank.

- Longitudinal design: Additionally, historical financial data will be examined to identify trends and patterns in the bank's performance over time.

3. Sampling Technique:

- Population: The population of interest includes all stakeholders of Abhyudaya Cooperative Bank, including customers, employees, executives, and regulators.

- Sampling method: A purposive sampling technique will be employed to select participants who possess relevant knowledge and experience related to the bank's financial performance.

4. Data Collection Methods:

a. Secondary Data:

- Financial reports: Annual reports, quarterly reports, and other financial statements published by Abhyudaya Cooperative Bank will be collected.

- Regulatory filings: Information submitted to regulatory authorities such as the Reserve Bank of India (RBI) will be reviewed.

- Industry benchmarks: Comparative data from other cooperative banks and financial institutions will be gathered for benchmarking purposes.

b. Primary Data:

- Surveys: Questionnaires will be distributed to a sample of bank customers, employees, and stakeholders to gather perceptions and opinions on the bank's financial performance.

- Interviews: Structured interviews will be conducted with key personnel within the bank, including executives, managers, and financial analysts, to gain deeper insights into factors influencing financial performance.

5. Data Analysis Techniques:

a. Quantitative Analysis:

- Ratio analysis: Key financial ratios such as profitability ratios, liquidity ratios, and solvency ratios will be calculated and compared with industry benchmarks.

- Trend analysis: Historical financial data will be analyzed to identify trends and patterns in the bank's performance over time.

- Statistical analysis: Statistical techniques such as correlation analysis may be employed to explore relationships between different financial variables.

b. Qualitative Analysis:

- Thematic analysis: Qualitative data from surveys and interviews will be analyzed thematically to identify recurring themes and patterns related to the bank's financial performance.

- Interpretation: Qualitative insights will be interpreted alongside quantitative findings to provide a comprehensive understanding of the factors influencing the bank's financial performance.

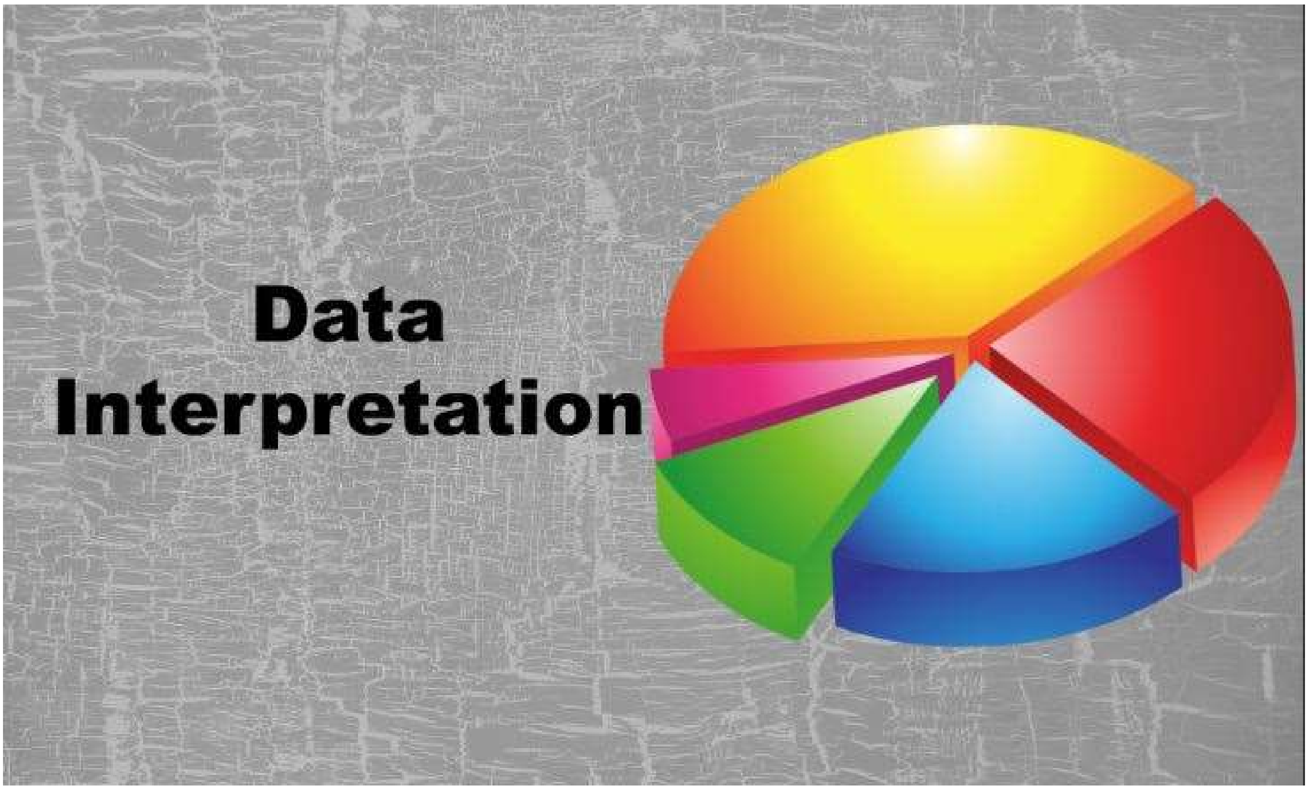
6. Ethical Considerations:

- Informed consent: Participants will be provided with information about the study's purpose and their rights, and their consent will be obtained prior to data collection.

- Confidentiality: Measures will be taken to ensure the confidentiality and anonymity of participants' responses and sensitive financial information.

# CHAPTER-III

## DATA ANALYSIS AND INTERPRETATION



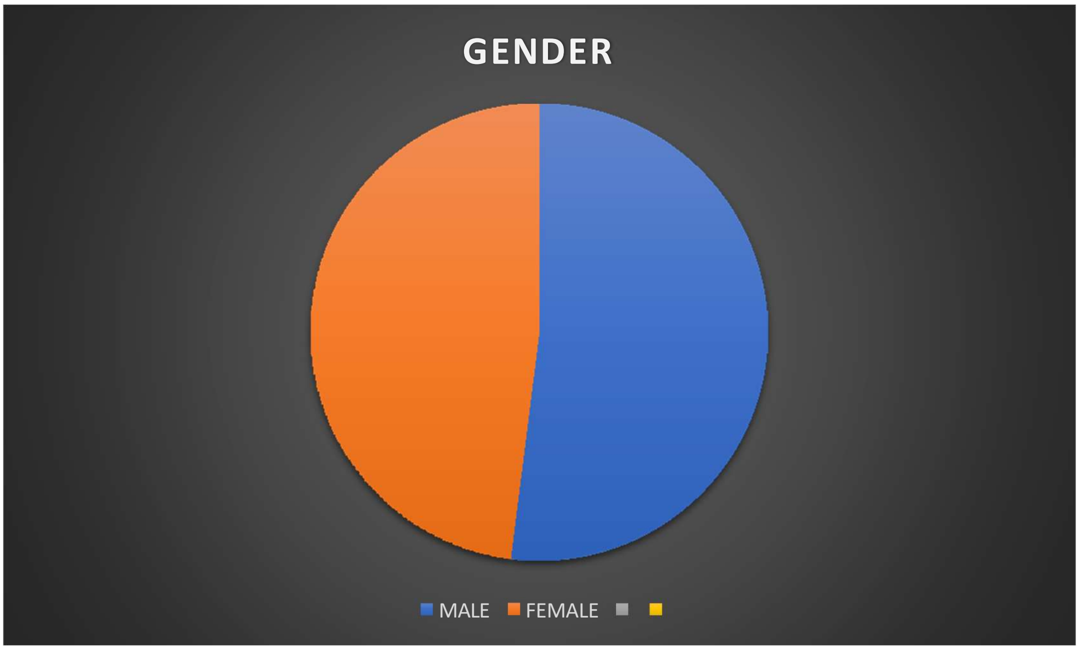
**DATA ANALYSIS AND INTERPRETATION QUESTIONNAIRE OF CUSTOMER**

The data was collected from 45 respondents by means of Questionnaire. The analysis were as follows:

A. General data

Table 1: gender

| GENDER | % No. of Respondents |
|---|---|
| Male | 52% |
| Female | 48% |



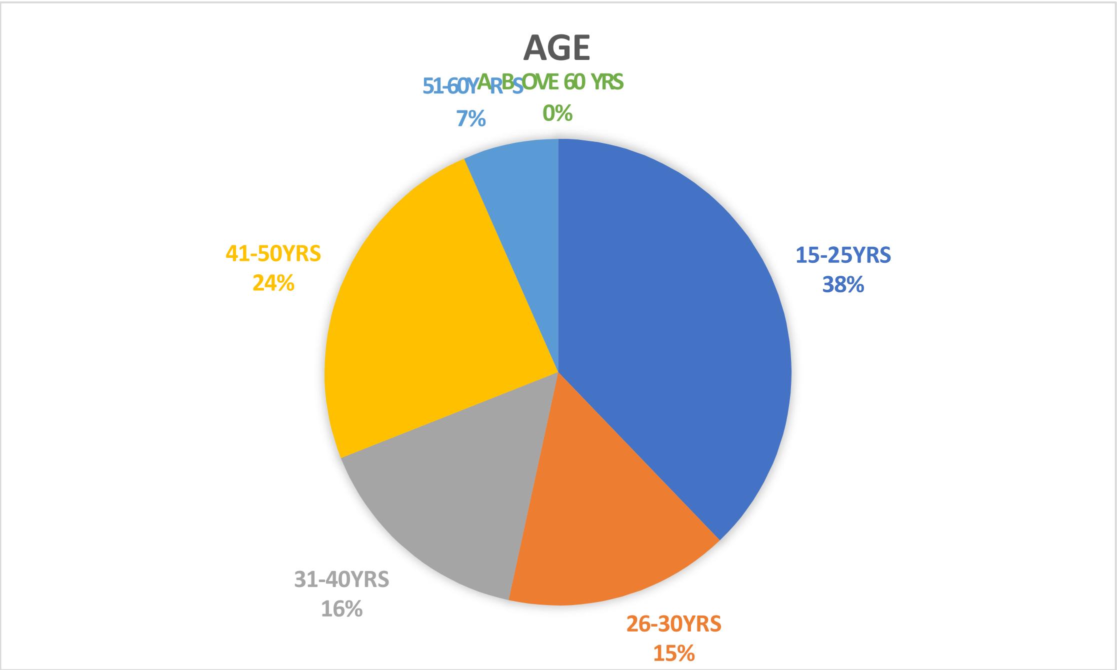

**Interpretation**

The response obtained for the question “Gender” has been presented in Table.1 above. From the table it is evident that 51.1% are male respondents and 48.9% are female respondents.

1. **Age**

Table 2: age

| Age | No. of respondents % |
|---|---|
| 15-25 years | 37.8 % |
| 26-30 years | 15.6% |
| 31-40 years | 15.6% |
| 41-50 years | 24.4% |
| 51-60 years | 6.6% |
| Above 60 years | 0% |



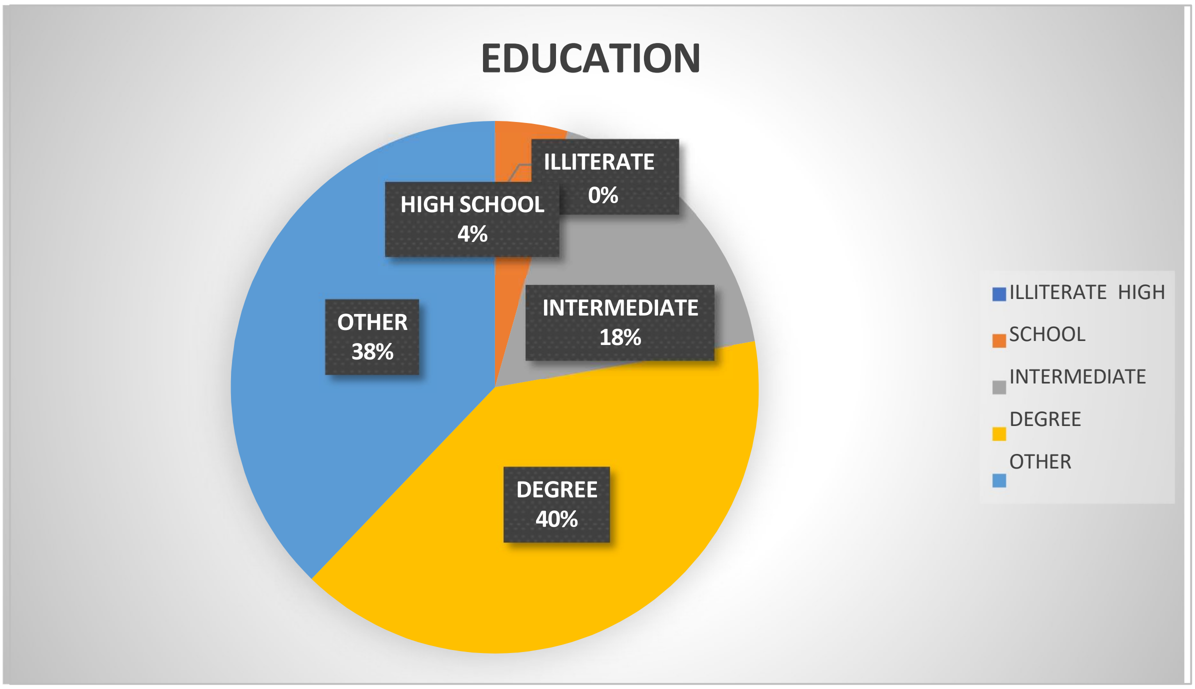

**Interpretation**

The response obtained for the question "Age" has been presented in Table 2 above. From the table it is evident that 37.8% Respondents are aged between 15-25 years, 15.6% Respondents are aged between 26-30 years, 15.6% Respondents are aged between 31-40 years, 24.4% Respondents are aged between 41-50 years, 6.6% Respondents are aged between 51-60 years and there is no respondent aged above 60 years.

2. **Education**

Figure 2. Education

| Qualification | No. of Respondents |
|---|---|
| Illiterate | 0 |
| High school | 2 |
| Intermediate | 8 |
| Degree | 18 |
| Other (Professional course, postgraduation, etc) | 17 |



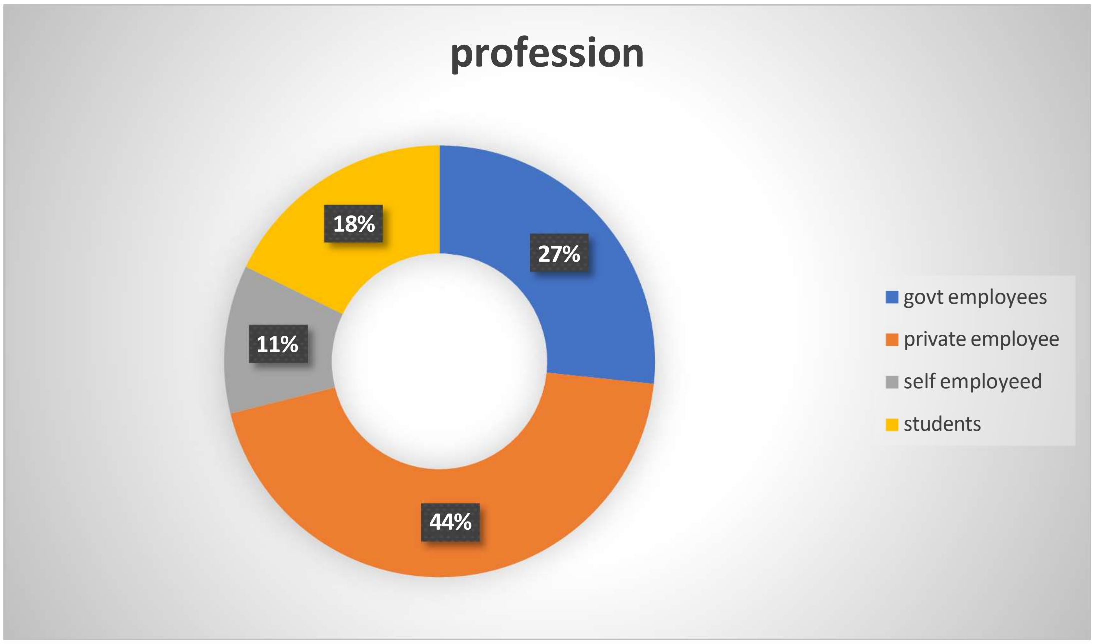

**Interpretation**

The response obtained for question "Education" has been presented in table 3 above. From the above table it is evident that out of 45 respondents 2 of respondents are high school qualified, 8 of them did intermediate, 18 respondents are graduated and 17 respondents did other higher studies such as postgraduation, etc.

3. **Profession**

Figure 3. profession

| PROFESSION | NO. OF RESPONDENTS |
|---|---|
| GOVERNMENT EMPLOYEES | 12 |
| PRIVATE EMPLOYEES | 20 |
| SELF-EMPLOYEED | 5 |
| STUDENTS | 8 |



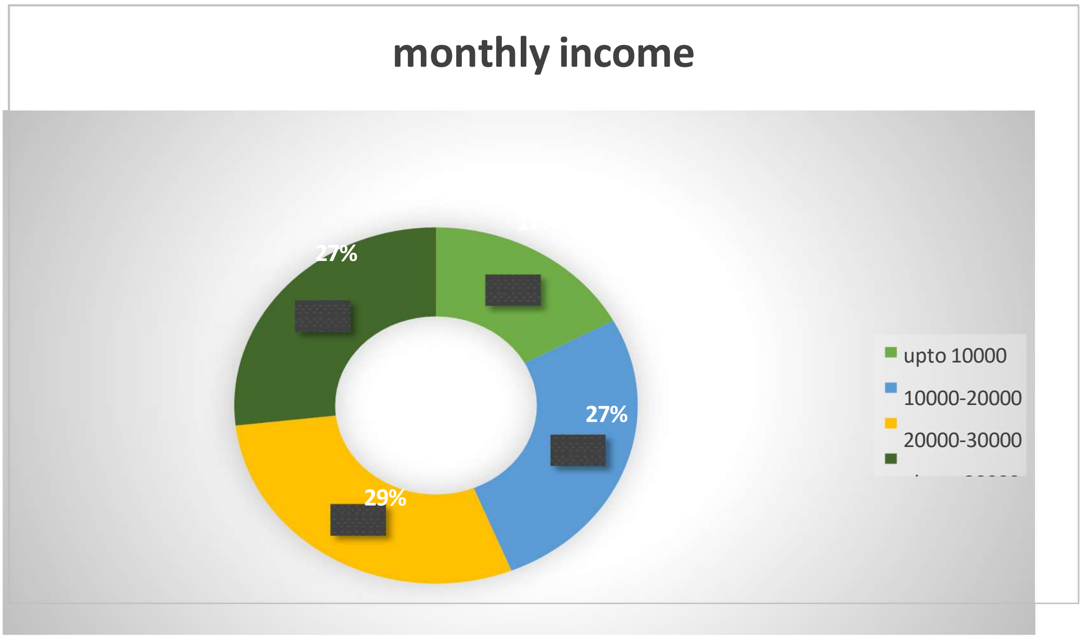

**Interpretation**

The above table 4. Shows us response given by Respondents for Question "profession". As it is evident form above chart that 44% respondents are private employees, 27% are government employee, 18% respondents are self employed and 11% respondents are students.

4. **Monthly Income**

Figure 4. monthly income

| MONTHLY INCOME | RESPONDENTS (%) |
|---|---|
| UPTO 10,000 | 17 % |
| 10,000 – 20,000 | 27% |
| 20,000 – 30,000 | 29% |
| Above 30,000 | 27% |



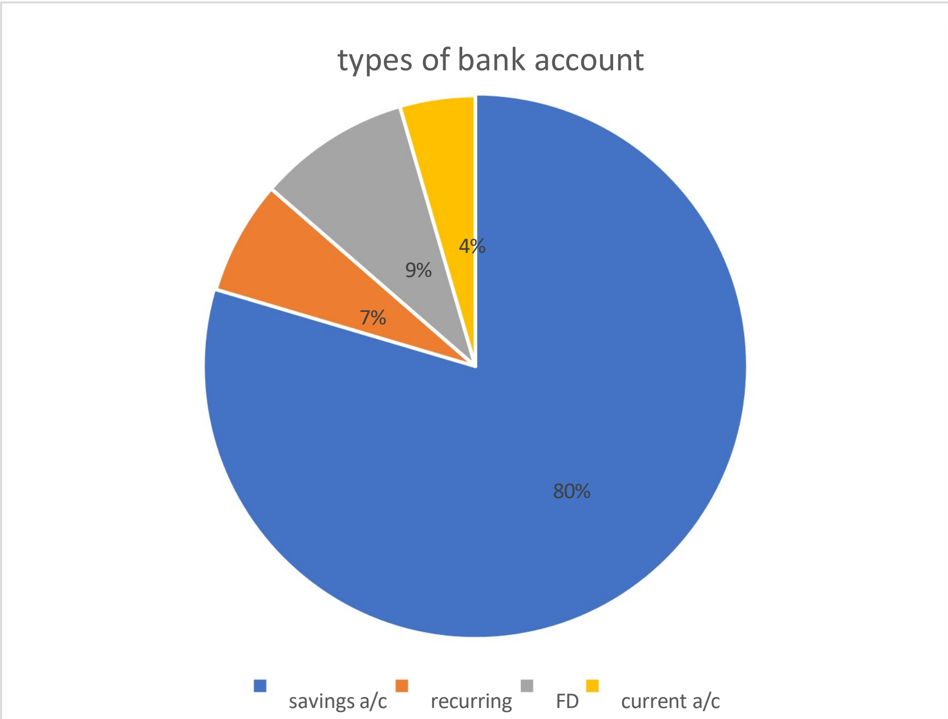

**Interpretation**

The response obtained for the Question "Monthly income" has been presented in Table 5 Above. From the table it is evident that 17% Respondents has up to 10,000 salary per month, 27% Respondents has salary between 10,000-20,000 per month. 29% Respondents has salary between 20,000-30,000 per month. 27% Respondents has salary above 30,000 per month.

5. **Types of Bank Account hold by Respondents**

Figure 5. Types of Bank Account

| Types of bank account | No. of respondents (%) |
|---|---|
| Savings Account | 80 % |
| Recurring Account | 7 % |
| Fixed Deposit | 9 % |
| Current Account | 4% |



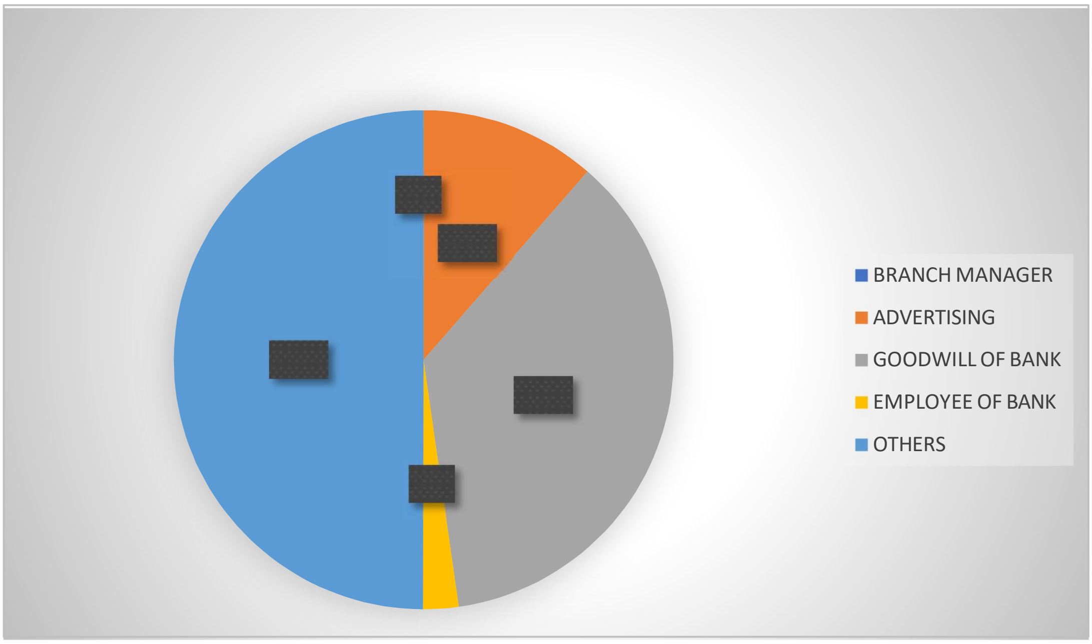

**Interpretation**

The Response obtained for the Question “Type of bank account hold by respondents” has been presented in table 6 above. From the above table it is evident that most of respondents hold savings account in abyudaya cooperative bank i.e 80% of respondents, 7% of respondents hold recurring account , 9% of them has fixed deposits and only 4% of them holds current account. factors that convinced to open bank account or avail banking service.

## 6 Types of Bank Account hold by Respondents

**<u>Figure 6. factors convinced to open bank account or avail banking services</u>**

| Factors | No. of respondents (%) |
|---|---|
| BRANCH MANAGER | 0% |
| ADVERTISING | 11.4% |
| GOODWILL OF BANK | 36.4% |
| EMPLOYEE OF BANK | 2.3% |
| OTHERS | 50% |



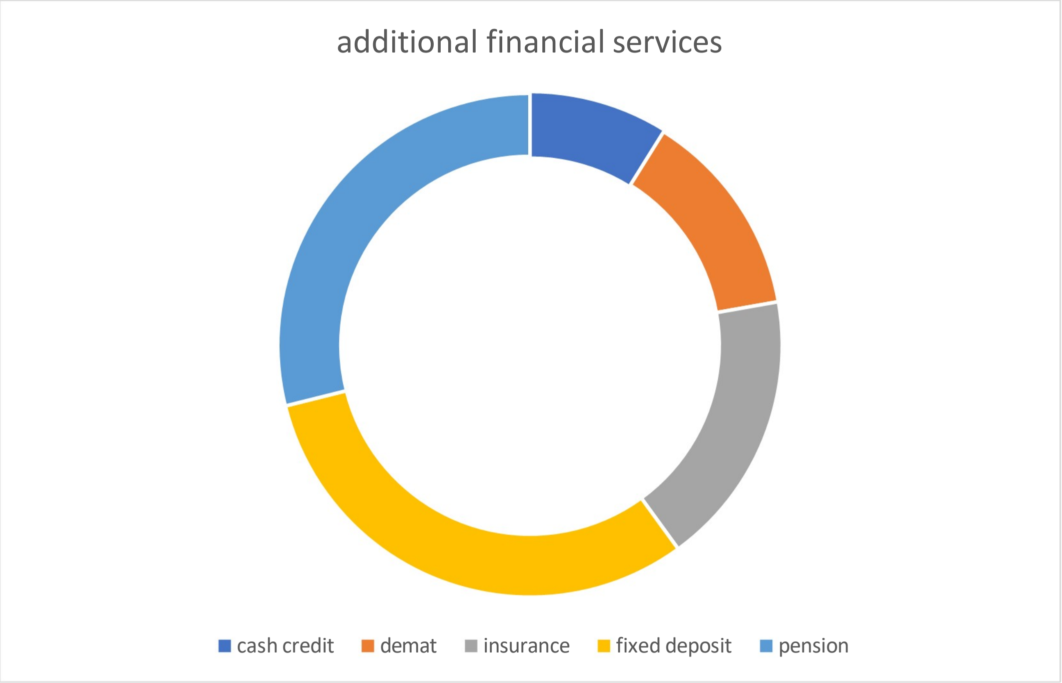

**<u>Interpretation</u>**

The response obtained for the question " factors that convinced to open bank account or avail banking services" has been presented in table 7. Above. From the table it is evident that 50% of respondents has opened account or availed banking in abyudaya cooperative bank by personal reason , 12% of them through Advertisement, 2% through employees of bank and 36% of respondents has opened bank account or availed banking services by goodwill of bank.

7 Additional financial schemes offered by bank for individual customers

**Figure 7. additional financial schemes offered by bank for Individual customers**

| Additional Financial scheme for Individual | No. of respondents |
|---|---|
| Cash credit | 04 |
| De mat | 06 |
| Insurance | 08 |
| Fixed deposit | 14 |
| Pension | 13 |



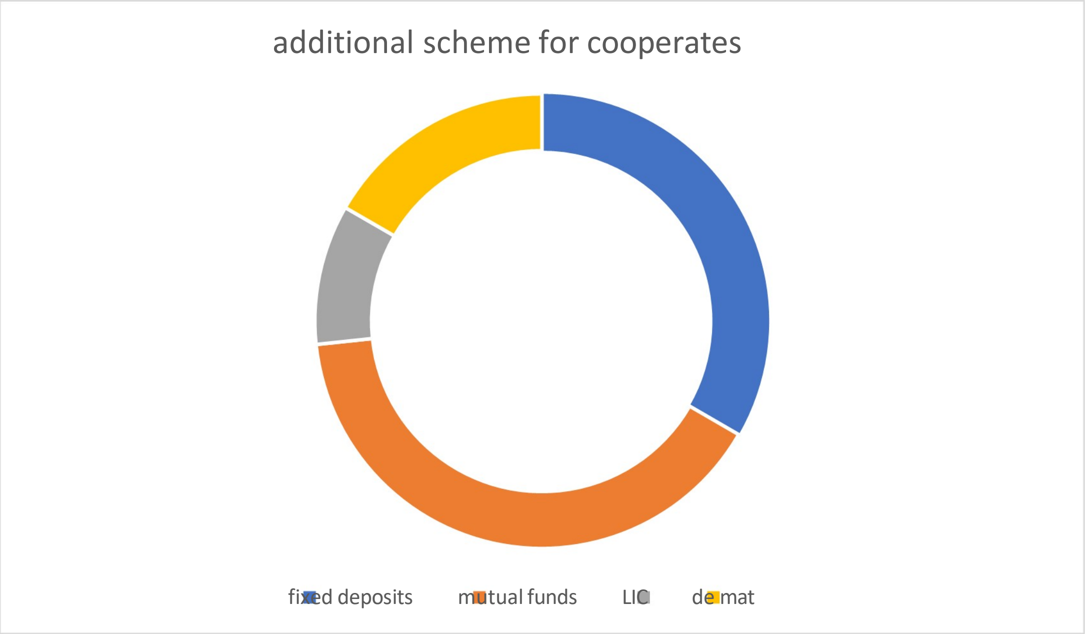

## Interpretation

The response obtained for the question "additional financial investment scheme given by bank for individual customer" has been presented in above table. The additional financial schemes are cash credit, de mat, insurance, fixed deposit, pension. Out of 45 four respondents agreed on cash credit, 6 respondents on de mat, 8 respondents on insurance, 14 respondents on fixed deposits and 13 respondents on pension.

8 Additional financial investing scheme are offered by bank for co operates.

**Figure 8. Additional financial investing scheme are offered By bank for cooperates.**

| Additional financial scheme for co operates | No. of respondents |
|---|---|
| Fixed deposits | 10 |
| Mutual funds | 12 |
| LIC | 3 |
| De mat | 5 |



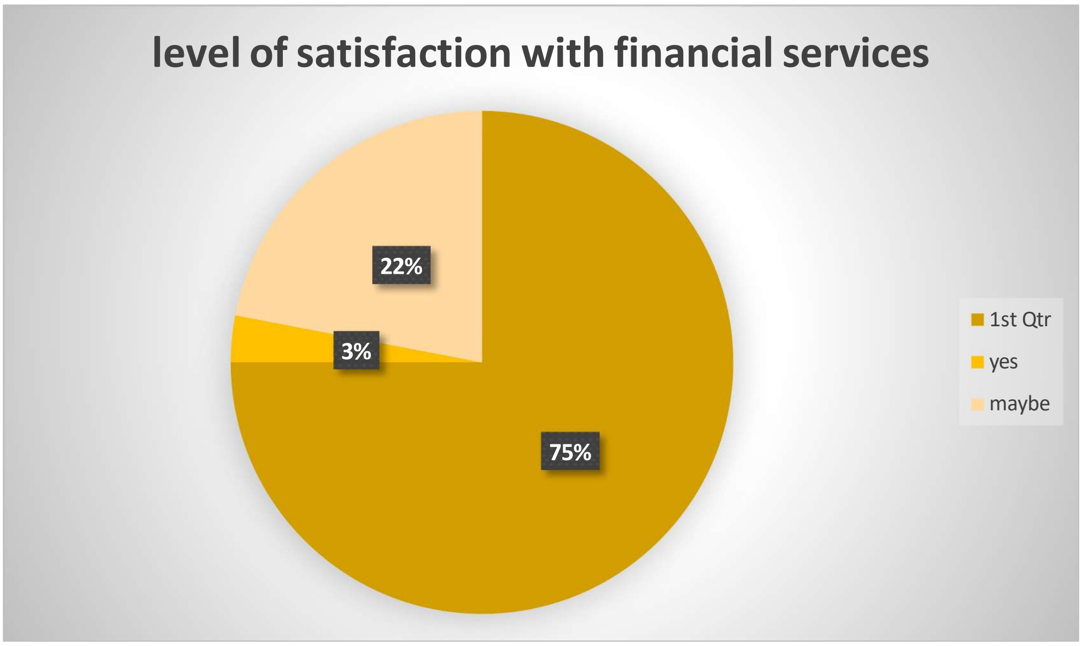

**Interpretation**

This table illustrates the participation of cooperatives in various additional financial schemes: Fixed Deposits: 10 respondents Mutual Funds: 12 respondents LIC (Life Insurance Corporation): 3 respondents De-mat Accounts: 5 respondents These figures provide insight into the preferences of cooperatives regarding their engagement with different financial instruments.

9 Level of satisfaction with the financial services of abhyudaya cooperative bank.

**Figure 9. level of satisfaction with the financial services of abhyudaya cooperative bank.**

| Level of satisfaction | No. of respondents (%) |
|---|---|
| yes | 75% |
| no | 3% |
| maybe | 22% |




**Interpretation**

The response obtained for the Question "level of satisfaction obtained by financial services of abhyudaya cooperative bank" has been presented in above table 10. From the table it is evident that 75% of respondents are satisfied, 3% of them are not satisfied and 22% of respondents answered maybe.

**QUESTIONNAIRE OF BANKERS**

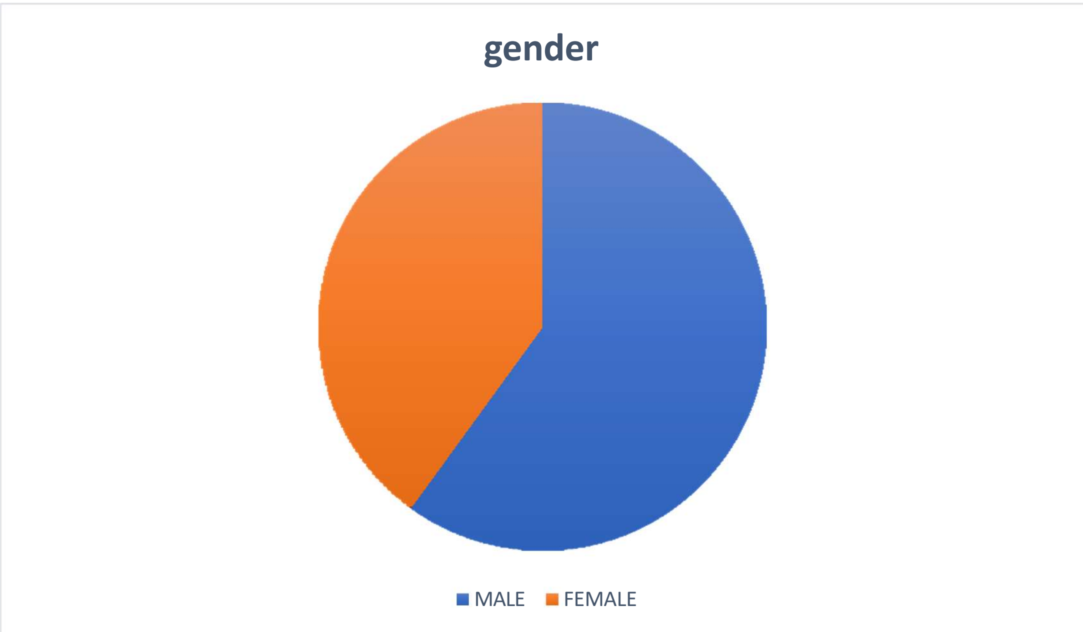
The data was collected from 15 banker respondents by means of Questionnaire. The analysis were as follows:

a. General data

1. Gender

Table 1. Gender

| Gender | (%) no. of Respondents |
|---|---|
| MALE | 60% |
| FEMALE | 40% |



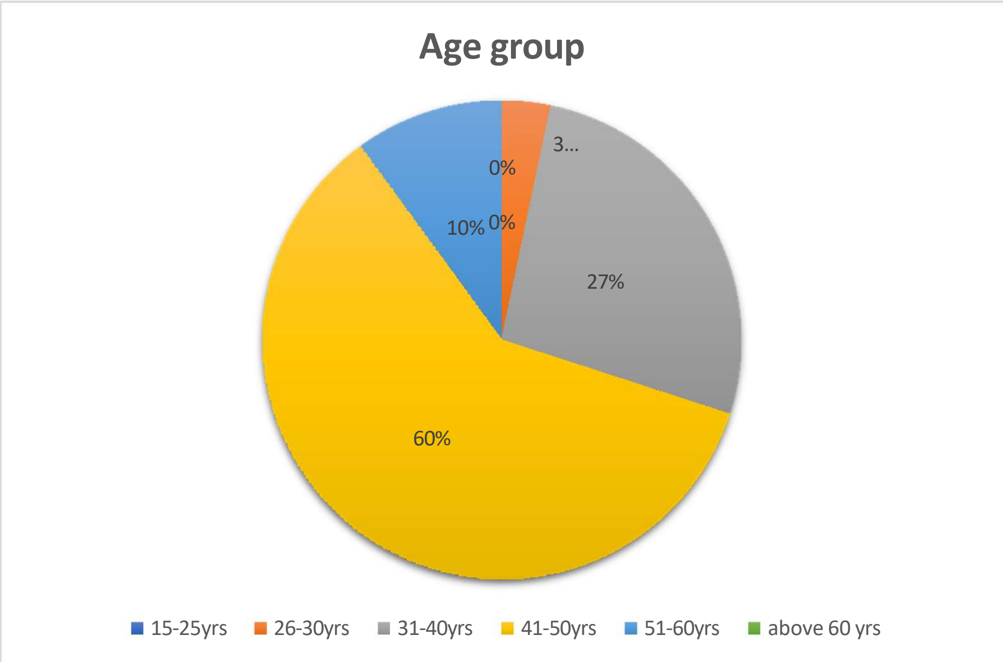

**Interpretation**

The response obtained for the Question "gender" has been presented in table 1 above. From above table it is evident that 60% of respondent are male and 40% of respondent are female.

2. Age Group

Table 2. Age Group

| Age | No. of respondent (%) |
|---|---|
| 15-25 years | 0 % |
| 26-30 years | 3.3% |
| 31-40 years | 26.7% |
| 41-50 years | 60% |
| 51-60 years | 10% |
| Above 60 years | 0% |



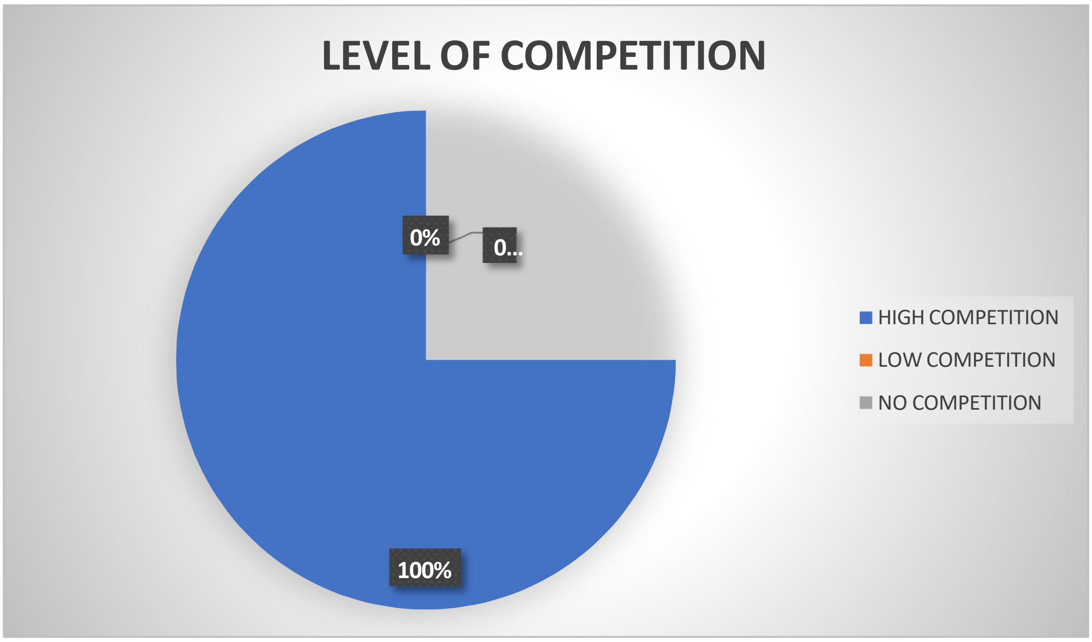

**Interpretation**

The response obtained for Question "Age Group" has been presented in table 2 above. From the above table it is evident that 3.3% of banker respondent are of age group between 26-30 years, 26.7% of respondent are of age group between 31-40 years, 60% of respondents are of age group between 41-50 years, 10% of respondents are of age group between 51-60 years, there are no respondents between age 15-25 years and above 60 years.

3. Business Environment for Banking Sector.

Table 3. business environment for banking sector.

| level | (%) respondents |
|---|---|
| HIGH COMPETITION | 100% |
| LOW COMPETITION | 0% |
| NO COMPETITION | 0% |



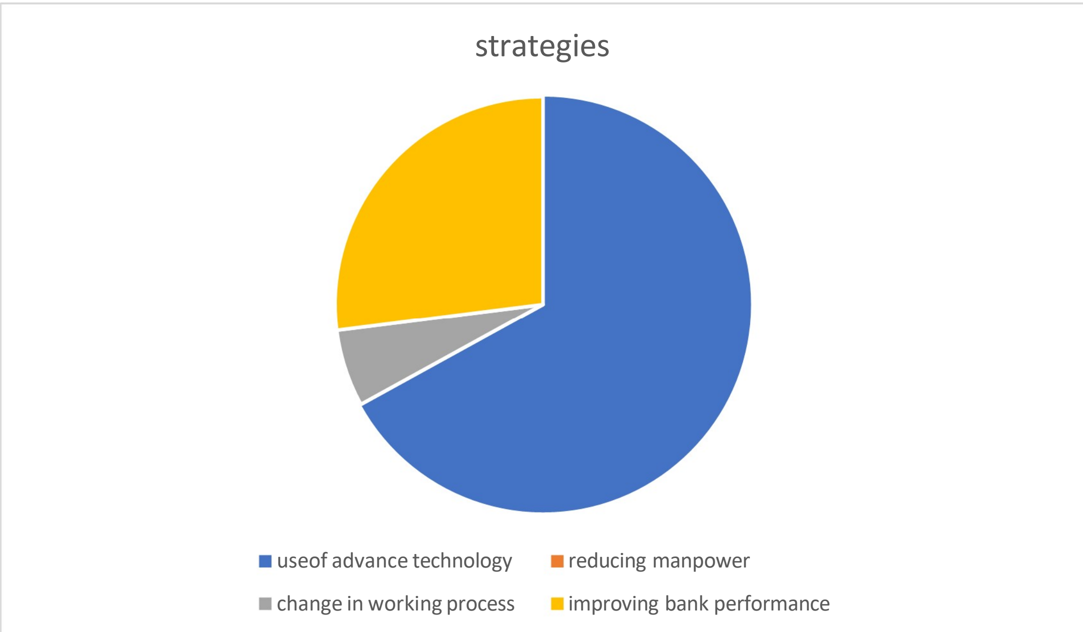

**Interpretation**

The response obtained for the question "Business Environment for banking sector" has been presented in table 3 above. From the above table it is evident that the level of competition is 100% i.e high competition.

4 Strategy that bank has adopted to do banking business effectively in competitive situation in market.

**Table no.4 strategy that bank has adopted to do banking Business effectively in competitive situation in market**

| Strategies adopted by bank | % respondents |
|---|---|
| Use of advance technology | 67% |
| Reducing manpower | 0% |
| Change in working process | 6% |
| Improving bank performance | 27% |



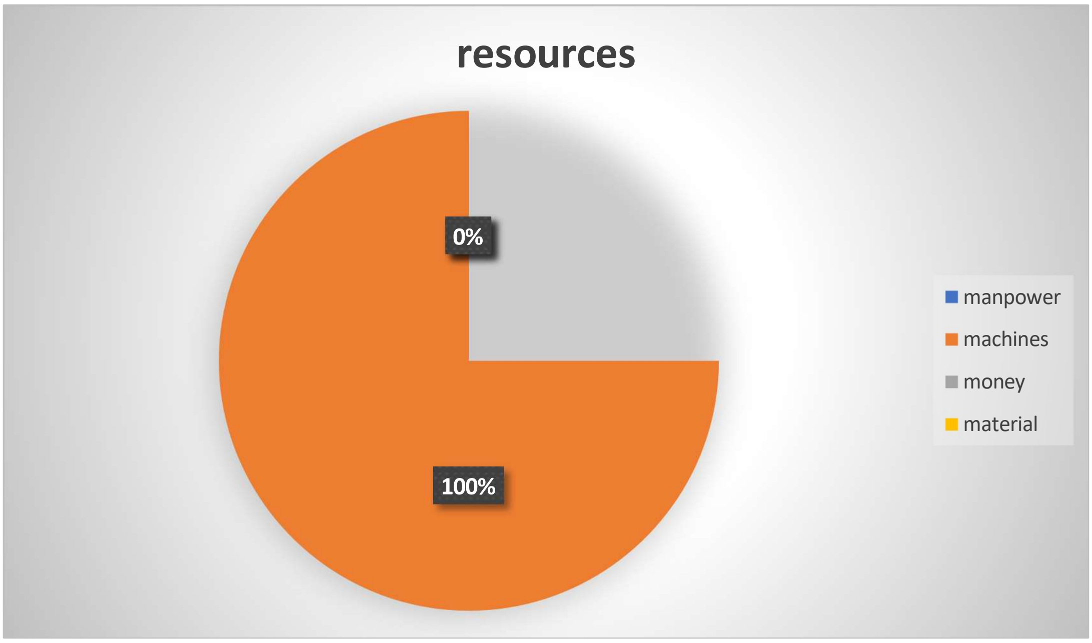

## Interpretation

The response obtained for the question "strategy adopted by the bank to do banking business effectively in competitive situation in market" has been presented in table 4 above. From the above table it is evident that 67% of bankers agreed that using advance technology is effective strategy in competitive market, 6% agreed to change in working process and 27% of them agreed to improving bank performance.

## 5 Resource used in bank for business activities.

**<u>Table 5. Resource used in bank for business activities</u>**

| RESOURCES | NO.OF RESPONDENTS (%) |
|---|---|
| manpower | 0% |
| Machines | 100% |
| money | 0% |
| material | 0% |



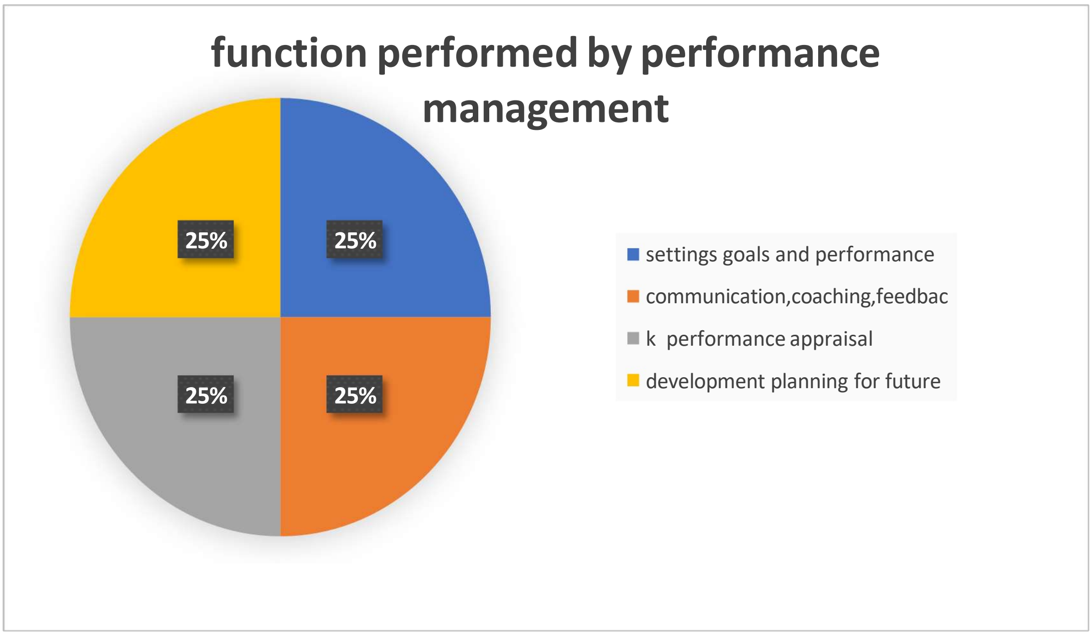

**<u>Interpretation</u>**

The response obtained for the Question "Resources used in bank for business activities" has been presented in table 5 above . from the above table it is evident that according to importance, machine is the resource being used in bank for business activities.

### 6 Function being performed by performance management in bank

**Table 6. function being performed by performance Management .**

| Functions. | No. of Respondents agreed to |
|---|---|
| Setting goals and performance | 15 |
| Communication, coaching ,feedback | 15 |
| Performance appraisal | 15 |
| Development planning for future | 15 |




**Interpretation**

The response obtained for the question "function performed by performance manager" has been presented in above table 6. From the table it is evident that all 15 banker respondent agreed to all the four function i.e 1. setting goals and performance, 2. Communication, coaching, feedback. 3. Performance appraisal 4. Development planning for future .

7 Benefits from performance management to bank.

**Table 7. benefits from performance management**

| Benefits | No. of respondents |
|---|---|
| Financial gains | 15 |
| Non-financial gains | 0 |
| Effective management control | 0 |

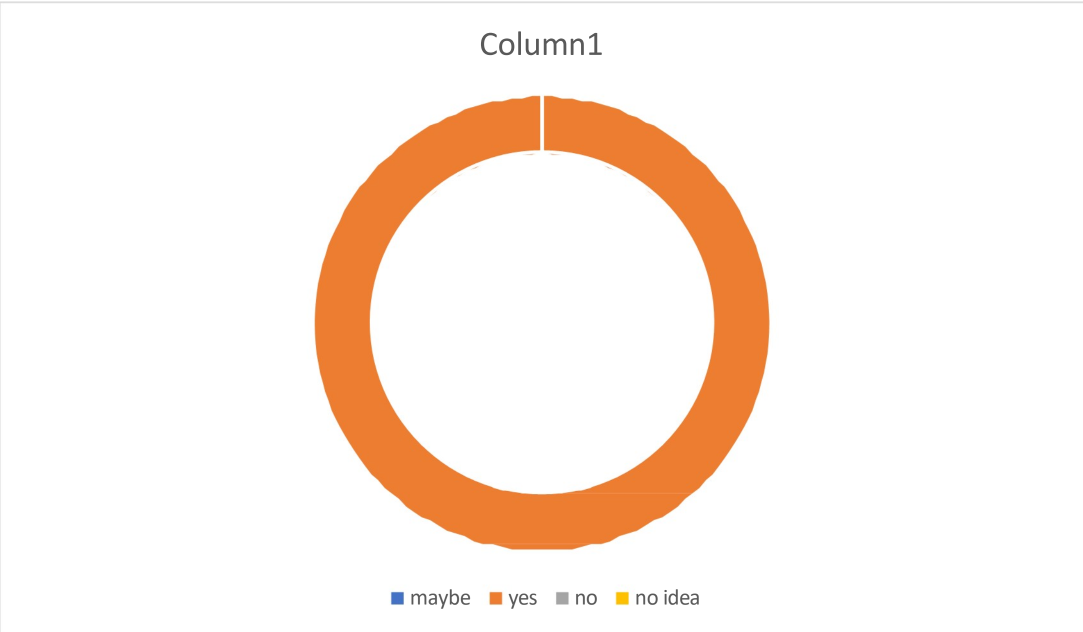

**Interpretation**

The response obtained for the question “benefits from performance management” has been presented in table above. From the above table it is evident that by performance management there is financial gains .

8 Does performance appraisal is regularly carried by the responsible manager or supervisor

**Table 8.performance appraisal carried by responsible Manager or supervisor**

| | no. of respondents |
|---|---|
| Maybe | 0% |
| Yes | 100% |
| No | 0% |
| No idea | 0% |




**Interpretation**

The response obtained for the above question has been presented in table 8. Above . from the table it is evident that performance appraisal is regularly carried by the responsible manager or supervisor.

## PROGRESS AT GLANCE

| YEAR ENDING | NO.OF MEMBERS | PAID UP CAPITAL (000) | RESERVES (000) | DEPOSITS (000) |
|---|---|---|---|---|
| 1965 | 699 | 95 | 1 | 169 |
| 1970 | 1,618 | 325 | 45 | 2,352 |
| 1975 | 4,508 | 1,052 | 418 | 15,081 |
| 1980 | 17,115 | 6,133 | 8,906 | 147,023 |
| 1985 | 28,842 | 15,040 | 38,565 | 617,283 |
| 1990 | 50,186 | 44,316 | 180,907 | 2,242,962 |
| 1995 | 68,973 | 75,840 | 595,640 | 5,660,658 |
| 2000 | 88,556 | 137,226 | 2,009,109 | 10,875,465 |
| 2005 | 109,035 | 224,174 | 4,739,476 | 16,467,998 |
| 2006 | 112,523 | 262,792 | 4,881,594 | 18,358,652 |
| 2007 | 117,139 | 323,191 | 6,199,285 | 21,549,800 |
| 2008 | 120,577 | 404,613 | 6,296,516 | 26,255,047 |

| | | | | |
|---|---|---|---|---|
| 2009 | 123,011 | 457,746 | 6,719,489 | 31,748,103 |
| 2010 | 129,584 | 561,610 | 7,624,078 | 41,706,176 |
| 2011 | 138,703 | 720,022 | 7,351,147 | 52,606,192 |
| 2012 | 146,056 | 796,463 | 7,923,965 | 65,188,491 |
| 2013 | 151,818 | 886,129 | 8,814,703 | 80,363,989 |
| 2014 | 161,378 | 1,014,453 | 13,689,069 | 93,308,968 |
| 2015 | 171,140 | 1,127,059 | 13,845,288 | 97,610,739 |
| 2016 | 182,021 | 1,140,926 | 14,575,198 | 104,026,105 |
| 2017 | 192,107 | 1,117,166 | 15,809,782 | 111,191,316 |
| 2018 | 201,534 | 1,308,621 | 11,170,371 | 106,907,758 |
| 2019 | 212,264 | 1,478,419 | 11,833,449 | 110,223,183 |

| WORKING CAPITAL (000) | LOANS &ADVANCES (000) | GROSS INCOME (000) | NET PROFIT (000) | DIVIDEND (000) | NO.OF BRANCHES |
|---|---|---|---|---|---|
| 272 | 224 | 16 | 8 | 6 | 1 |
| 2,829 | 1,632 | 212 | 33 | 9 | 2 |
| 17,501 | 10,871 | 1,717 | 251 | 12 | 5 |
| 169,662 | 103,658 | 18,891 | 1,556 | 12 | 9 |
| 700,956 | 336,457 | 67,503 | 4,826 | 12 | 19 |
| 2,576,739 | 1,467,060 | 260,315 | 17,064 | 12 | 27+4 |
| 6,552,063 | 2,633,242 | 712,171 | 43,055 | 15 | 27+4 |
| 13,375,629 | 4,446,667 | 1,492,587 | 116,806 | 15 | 34+1 |
| 22,075,360 | 7,841,053 | 2,082,561 | 221,701 | 15 | 39+1 |
| 24,487,040 | 9,148,729 | 2,305,573 | 726,968 | 15 | 39+1 |
| 29,919,685 | 12,839,509 | 2,544,504 | 187,485 | 15 | 39+1 |
| 34,342,767 | 16,161,007 | 3,322,293 | 408,120 | 15 | 52+1 |
| 41,221,485 | 18,563,868 | 4,464,513 | 923,650 | 15 | 53 |
| 52,376,297 | 25,647,282 | 4,356,755 | 299,040 | 15 | 75 |

| | | | | | |
|---|---|---|---|---|---|
| 66,429,879 | 34,526,622 | 6,053,383 | 779,645 | 15 | 87 |
| 77,642,906 | 43,775,277 | 7,321,160 | 801,687 | 15 | 96 |
| 93,678,543 | 51,088,855 | 9,778,788 | 912,177 | 15 | 105 |
| 111,823,916 | 57,004,712 | 10,525,313 | 980,548 | - | 105 |
| 116,000,480 | 57,463,215 | 12,071,601 | 336,800 | - | 111 |
| 124,034,910 | 57,114,807 | 10,899,804 | 23,647 | - | 111 |
| 132,304,254 | 56,122,152 | 11,504,432 | 35,508 | - | 111 |
| 122,936,367 | 54,484,198 | 16,380,217 | 91,620 | 5# | 111 |
| 127,226,524 | 57,982,520 | 11,552,282 | 215,860 | | 111 |

# CHAPTER-IV

# FINDINGS

1. No. of membership abhyudaya cooperative bank grew impressively from 699 thousand to 212,264 thousand this no. of membership has grew between year 1965 to 2019. This gradually shows the progress in no. of share over a period of years.

2. Reserves in 1965 was Rs1000 over the period of years it was increasing till 2017,in 2017 reserves was Rs15,809,782 thousand but in 2018 it dropped to Rs11,170,371(in 000) and in 2019 it was Rs 11,833,499 (in 000).

3. Deposits increased in 2017 i.e Rs 111,191,316 (000) then went down to Rs 110,223,183 (000)

4. Paid up capital which means shares sold to primary market directly to investors since 2014 paid up capital has increased to 1,117,166 (in 000) and in 2019 it was 1,478,419 (in 000).

5. The net profit earned by bank was high in 2014 that was Rs 980,548 (in 000) and then dropped down in year 2016 -2018 and then increased in 2019 to Rs. 215,860 (in 000).
6. From 1965 -2019 , from 1 branch to 111 branches abhyudaya cooperative bank has slowly pushed up to reach their goals.

7. Dividend was higher between year 2000-2013 dividend rate 15% and no dividend after 2013 was proposed.

8. Gross income was higher in 2018 Rs 16,380,217 (000) and then it dropped down in 2019 Rs 11,552,282 (000).

9. Loans & Advances for year ended 2018-2019 is Rs 57,982,520 (in 000).

10. Working capital has Rs 127,226,524 (in 000) in 2019 which is good for bank , As it working capital indicates increase in asset or decrease in liabilities

11. It is observed that the size of holdings of the defaulters, their caste, amount of borrowings, educational status, age, sex, religion, community and size of landholding had a direct bearing on the repayment of dues.

12. It observed that low repayment capacity, cropping intensity, consumption expenditure and income from dairy farming etc. significantly influenced the repayment performance of the borrowers.

## FINDINGS THROUGH CUSTOMERS AND BANKERS

1. There is very high competition in market for cooperative banks

2. Abhyudaya cooperative bank is focusing on new technologies to stand up between the competitive maket.

3. Mostly customers holds savings account in abhyudaya cooperative bank

4. Bank has implemented **Pradhan Mantri Jan-Dhan Yojana (PMJDY)** for achieving the national objective of Financial Inclusion & providing banking services to common man. Bank has launched **Pradhan Mantri Jeevanjyoti Bima Yojana - (PMJBY)** & **Pradhan Mantri Suraksha Bima Yojana - (PMSBY)**.

**CHAPTER- V**

# CONCLUSION

The study is related to the performance of Co-operative Banks in India in the light of the financial performance which selected as sample OF ABHYUDAYA COOPERATIVE BANK , SEAWOODS ,NAVI MUMBAI .

Today, India's Co-operative Credit Structure (CCS), with over 13 crore members (including six crore borrowers), constitutes one of the largest rural financial systems in the world. Over one lakh Primary Agriculture Credit Societies (PACS) can, in many ways, be regarded as the veritable bedrock of india's rural economy. Directly or indirectly, it covers nearly half of india's total population. The co-operative credit system of India has the largest network in the world and co-operatives have advanced more credit in the Indian agricultural sector than commercial banks. Thus, the small quantum of loan demanded by the rural borrowers, the high administrative costs of these loans apart from a high risk of default make these loans economically nonviable. Hence, this sector has to be increasingly served by the co-operative and other rural credit institutions.

At present co-operative banks are under considerable pressure causing decline in productivity and efficiency, low profitability, un-remunerative direct investment, deterioration in the quality of portfolio, inadequacy of capital, inadequacy of loan provision, large scale loan waiver, duplication of infrastructure, over staffing, management weaknesses etc. these constrains may considerably influence institutional finance for priority sector in the long run. Non-Performing Assets have various implications on profitability, liquidity and solvency of the banks. The problem of Non-performing assets has taken the form of monster Indian banks, for they are not able to get rid of these unwanted assets. In spite of the various measures taken by banks, Non-performing assets have been at a high level in co-operative banks. Due to financial impairment, the co-operative credit structure is steadily losing its ability to meet the rapidly growing credit needs of agriculture.

**CHAPTER-VI**

**SUGGESTIONS**

1. If the co-operative movement is to develop on perfect sound lines, the government should necessarily take immediate steps to curb the growth of vested interests in the movement as well as necessary action to prevent undue interference of the politicians.

2. In today's liberalized market driven economic environment, co-operatives have to reorient and readapt their structural functioning and management in order to protect themselves from the onslaught of vested interests

3. Overdues can be minimized, if the loan is provided to those farmers who satisfy the test of technical feasibility and financial viability. Similarly, the measures for improvement in crop yield, remunerative price to crop produce, reasonable input prices and crop insurance etc. are also necessary to enhance the repayment capacity of particularly small farmers.

4. The credit co-operative must be free to carry on their operations purely on commercial lines and matters such as fixation of interest rates, determination of unit costs and scale of finance, modus operandi of recoveries, hiring and firing employees and so on should be completely left to them.

5. The health of the credit co-operatives, particularly those in the lower tiers has been deteriorating over the years. However, there appears to be no panacea for the ailment, which has severely hampered their growth. There is no second option that these vital links in the rural financial sector have to survive to meet the noble cause for which they were established.

6. It is suggested that abhuydaya co-operative banks must focus attention on mobilization of low cost deposits as well as to concentrate on cheap borrowings in order to gain a comfortable interest spread to ensure profit.

7. It is suggested that at the post disbursement stage, bankers should ensure that the advance does not become NPAs through proper follow up and supervision. They should also ensure both asset creation and asset utilization. Bankers can do either off-site surveillance or on site inspection to detect whether the project is likely to become an NPA.

8. It is suggested that incentives can be given to honest repayers to create a better climate for repayment. The possibility of honoring best loanees and the best employees during cooperative weak celebrations can be chalked out.

9. The government should introduce proper measures to help banks in taking possession of land belonging to willful defaulters.

23. It is highly desirable that bank should strengthen their own funds by requesting members to take more shares, since, they largely depend on external finance for working capital.

## ANNEXURE

QUESTIONNAIRE (FOR CUSTOMERS)

Kindly fill up the questionnaire which is required for collecting data for my research work. I assure you that I will keep the information confidential and use only for my academic purpose.

Thanking you, Tanisha Rajendra Suvarna.

Sterling college of Arts, Commerce and Science, Nerul

1 Gender

- Male
- female

2. Age Group

- 15-25 years
- 26-30 years
- 31-40 years
- 41-50 years
- 51-60 years
- Above 60 years

3 Profession

- Govt employee
- Private employee
- Business
- Self-employeed
- Student

4 Monthly Income

- Upto 10,000
- 10,000-20,000
- 20,000-30,000
- Above 30,000

5 Which type of bank account do you hold ?

- Savings
- Recurring
- Fixed deposit
- Current account
- Others

6 Who have convinced you to open an account or avail banking services from your bank ?

- Branch manager
- Advertising
- Goodwill of bank
- Employees of bank
- Others

7 What additional financial investment schemes are offered by bank for individual customers ?

__________________________________________________

8 What investment schemes are offered by bank for cooperate customers?

__________________________________________________

9 Are you satisfied with the customers financial services?

- Yes
- No
- maybe

10 What kind of account do you maintain in this bank?

- Saving
- Loan
- Demat
- Credit card
- Current

QUESTIONNAIRE FOR BANKERS

Data are collected for research work and other than this has no other purpose. The information collected from respondents would be kept confidential.

1. Gender
   - Female
   - Male

2. Age group
   - 15-25 years
   - 26-30 years
   - 31-40 years
   - 41-50 years
   - 51-60 years
   - Above 60 years

3. How do you find the business environment for banking sector?
   - Highly competitive
   - Low competitive
   - No competitive

4. What strategy your bank has adopted to do banking business effectively in competitive situation in market?
   - Use of advance technology
   - Reducing manpower
   - Change in working process
   - Improving bank performance

5. According to importance, rank the resources being used in your bank for business activities?
   - Manpower
   - Machines
   - Money
   - Materials

6. What are the functions being performed by performance management in your bank?
   - Setting goals and performance
   - Communication, coaching, feedback
   - Performance appraisal
   - Development planning for future
   - All of the above

7. What are the benefits from performance management to your bank?
   - Financial gain
   - Non-financial gains
   - Effective management control
   - All the above

8. Does the performance appraisal is regularly carried by the responsible manager or supervisor?
   - Maybe
   - No
   - Yes
   - No idea

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