

Financial Analysis of Bagalkot DCC Bank, Bagalkot

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Abstract:- The economic development depends on movement of funds, so banking institutions are playing the vital role in the sustainable development of economy. District Central Cooperative Bank has good position in the agricultural and rural development of the nation. The Bagalkote DCC Bank has more reached to the rural areas of Bagalkote district, through their 47 branches. The DCC Bank Bagalkote works as intermediary between the state credit cooperative Bank (Apex Bank) and Primary Agricultural Cooperative Societies (PACS). The growth and development cooperative banks totally depends upon their financial ability. DCC bank is one of the key financing institution at district level who takes responsibility of meeting credit needs of various types cooperatives in the district and at the same time DCC banks are having various problems like overdue, low recovery rate, non performing assets etc. Therefore, it is require studying the financial analysis of DCC Bank Bagalkot. This paper covered to analyse the financial performance of DCC Bank Bagalkot during the period Of 2018-19 and 2019-20.

Keywords:- Financial Analysis, District Central Cooperative Bank, Profitability.

I. INTRODUCTION

The economic development depends on movement of funds, so banking institutions are playing the vital role in the sustainable development of economy. District Central Cooperative Bank has good position in the agricultural and rural development of the nation. The birth of Bagalkot district was took place into bifurcated from Bijapur district in 1997 via Government of Karnataka directive Notification RD 42 LRD 87 part III. The new Bagalkot district having eight talukus – Badami, Bagalkot, Bilagi, Guledgudda, Rabkavi Banhatti, Hunagund, Jamakandi and Mudhol. Bagalkot district is agricultural and rural based district. The DCC bank Bagalkot is the result of the bifurcation of the Bijapur DCC Bank and has started its functioning from March 1, 2003. The DCC bank has plays an important role in agricultural financing. It provides various types of loans to the farmers as per their needs.

Cooperative Movement

In Asia, the first cooperative movement was started here in Kanaginahal with the leadership of Late. Shi.

Siddanagouda Sannaramanagouda Patil. The Agricultural Credit Cooperative Society of Kanaginahal was launched on 8th July 1905 with the initial amount of two thousand rupees. The first co-operative movement in Asia was started here in Kanaginahal with the leadership of Sri. Siddanagouda SannaRamanagouda Patil . The Agricultural Credit Cooperative Society of Kanaginahal was launched in Kanaginahal on 8 July 1905 with the initial sum of two thousand rupees. It was the first of its kind in Asia. Initial work taken up by the Credit Cooperative Society was building Railway Station in the village and providing safe drinking water facility to the villagers.

The Co-operative Credit Societies Act 1904 was passed and then amended in 1912 to facilitate the establishment of central cooperative banks at the district level, thereby giving it a three tier federal character. The first Central Cooperative Bank was registered in Uttar Pradesh in 1906 as a primary society. In Rajasthan the first DCC Bank was started in 1910 at Ajmer. In karnatak the first DCC Bank was started in 1914 i.e. South Canara District Central Cooperative Bank in Puttur. Karnatak Co-operative Society Act was passed in the 1959.

Bank Profile:

The Bagalkot DCC bank Bagalkot is the result of the bifurcation of the Bijapur DCC Bank and has started functioning from 01.03.2003. The Reserve Bank of India has granted banking license on 15.12.2011. At present the Bank has 44 branches, 3 extension counters and Head office is Navanagar, Bagalkot catering to the financial needs of 262 PACS and many other co-operatives affiliated to the Bank.

Sl, No	Parameters	2018-19	2019-20
1	Own Funds	32138	37274
2	Deposits	214561	250898
3	Advances	66328	88479
4	Total Assets	343248	419279
5	Capital	12126	14003
6	Investment	55056	82364
7	Interest Earned	25920	28420
8	Interest Paid	18941	20822
9	Profit and Loss	494	510
10	Recovery Rate	97.13	95.09

Source: Annual Reports of BDCCB Bank from 2018-19 and 2019-20

II. REVIEW OF LITERATURE

Various studies have been under taken the world over to know the financial position of cooperative banks in the country and abroad. Some of the related literatures of reviews are as follows.

As per the Maclagan Committee in 1915, Central Cooperative bank should cover a large area with convenience and efficiency.

G. Prakash-2014: In his paper of study on financial performance of Shevapet urban Cooperative Bank, Salem. Banking institutions are important component of the Indian economy. Bank means accepting the deposits from public and lending the money to needy people. It allows the economy growth. According this study to analyzed the profitability and liquidity position of the bank.

EV Murray (2015) Cooperative Credit Structure in India: Why can't we do more?

The cooperative credit structure has not re-oriented itself to the changing realities. The need for a vibrant and effective cooperative credit delivery mechanism is more relevant today than at any time in the past. It is for the cooperatives to seize the opportunity and make things happen.

III. OBJECTIVE OF THE STUDY

1. To know the financial performance of DCC Bank Bagalkot.
2. To evaluate the factors influencing to financial performance of the bank.

HYPOTHESES OF THE STUDY:-

The DCC Bank Bagalkot is an important bank of Bagalkot to providing funds for agricultural and rural development of Bagalkot district.

SIGNIFICANCE/ IMPORTANCE OF THE STUDY:-

1. This study is significant to analyze financial performance of DCC Bank.
2. The outcomes of the present study are useful to the policy makers to improve the workings of the DCC Bank Bagalkot.

LIMITATIONS OF THE STUDY:-

1. First and important limitation of the research is only analysis the financial data.
2. Another problem of the research work is only selected period.
3. This study is based on secondary data.

AREA OF THE STUDY:

The study is based on the performance of DCC Bank Bagalkot. Therefore, study covers Bagalkot District to the fulfillment of objectives of the study.

PERIOD OF STUDY:

For collection of the secondary data on financial performance of the DCC Bank Bagalkot, Two years i.e. from 2018-19 and 2019-2020 were taken as the reference period.

IV. RESEARCH METHODOLOGY

The financial analysis of the DCC Bank Bagalkot has been taken with the help of financial ratios. The ratios are used to the financial health of the bank and following ratios are net worth, deposit, loans and advances, investment, capital, net profit and total assets.

METHOD OF DATA COLLECTION/ SOURCE OF DATA:-

The study is mainly based on secondary data which is collected, compiled and calculated mainly from annual reports of the DCC Bank Bagalkot. Other related information collected from journals, conference proceedings and websites.

ANALYSIS AND INTERPRETATION

In this paper, analyze the financial data through ratio. Ratio means comparison of two related variables and comparable with each other. Ratio helps to understand and compare the financial and overall position of the bank and helps in evaluating the performance with pre determined standards with its own previous performance. The present study is concerned about the evaluation of financial performance of Bagalkot District Central Co operative Bank from 2018-19 to 2019- 20 which has been carried out with the help of different ratios. The main variables and their trends are given below;

A. BALANCE SHEET ANALYSIS (Rs. in Lakhs)

	2018-19	2019-20
Own Funds/ Net Worth	32138	37274
Deposits	214561	250898
Advances	66328	88479
Total Assets	343248	419279
Capital	12126	14003
Investment	55056	82364
Working Capital	317461	383455

B. PROFIT AND LOSS ANALYSIS

	2018-19	2019-20
Interest Earned	25920	28420
Interest Paid	18941	20822
Profit and Loss	494	510

Years	Owners Fund	Total Deposits	Ratio
2018-19	32138	214561	14.9
2019-20	37274	250898	14.8

It denotes the ratio owners' capital to total depositors. The ideal ratio is 10%. So BDCCB has good financial condition because it has the ratio above the ideal ratio in both periods.

Table-2

1. Credit to Deposits Ratio=Total Advances /Total Deposits*100

	Total Advances	Total Deposits	Ratio
2018-19	22504945	21456101	104.8
2019-20	26068911	25089846	103.9

This table produces the ratio of credit to deposits of BDCCB Bagalkot. The credit deposits ratio of the bank is found to be satisfactory. This ratio helps to know the profitability of the bank. It was recorded in 2018-19 is 104.8% and 2019-20 is 103.9% and reduced by 0.98%.

2. Interest Earned Ratio= Interest received on Loan/Total Loans*100

Year	Interest Earned	Loans	Ratio
2018-19	189.1	2250.5	8.40
2019-20	221.4	2606.9	8.49

3. Advances to Total Assets Ratio= Loans &Advances/Total Assets*100

Year	Loans &Advances	Total Assets	Ratio
2018-19	22504945	34324845	65.5
2019-20	26068911	41927910	62.1

This table shows the proportion of loans and advances in total assets. In the year 2018-19 is 65.5% and 2019-20 is 62.1% and reduced by 3.4%.so bank has take necessary steps while lending the loans and advances.

4. Capital Deposits Ratio= Capital/Deposits*100

	Capital	Deposits	Ratio
2018-2019	1212574	21456101	5.6
2019-2020	1400341	25089846	5.5

5. Return on Total Asset = Net profit/Total Asset *100

Year	Net Profit	Total Assets	Ratio
2018-19	49392	34324845	0.14
2019-20	51034	41927910	0.12

This above table presents the ratio of net profit to total assets. The ratio ranges from 0.14% to 0.12%, so bank has to take care of productive assets.

6. Net Profit margin = Net profit/Total deposits *100

Year	Net Profit	Total Deposits	Ratio
2018-19	49392	21456101	0.23
2019-20	51034	25089846	0.20

This above table shows that the ratio net profit to total deposits. The ratio ranges from 0.23% to 0.20%. It indicates poor performance of the bank.

Years	Investment	Total Deposits
2018-19	55056	214561
2019-20	82364	250898

This ratio reflects the % of amounts involved in liquid assets and amount available to depositors by short notice. It is very important to know the availability of funds to serve the depositors at sudden or adverse situation. It indicates that the higher ratio, more funds available for deposit holders. In the study periods bank has sufficient funds for deposit holders.

V. CONCLUSION

The present study intended to measure the financial performance of Bagalkot District Central Cooperative Bank for the period of 2018-19 and 2019-20. BDCCB is a playing vital role in providing finance to PACS and individual for the promotion of agricultural and non agricultural activities thought the bagalkot district. BDCCB has good financial condition because the ratio of own capital to total deposits is above the ideal ratio. The ideal ratio is 10%.

The ratio of credit to deposits of BDCCB Bagalkot is found to be satisfactory. This ratio helps to know the profitability of the bank. Bank has continuously works on increase the interest income on loans. The ratio of net profit to total assets and total deposits is decreasing trend, so bank has to concentrate on productive assets. Bank has sufficient funds for disbursement of deposits.

This research recommends that bank could be adopted proper measures to ensure the financial health in its activities. This study may help to pay more attention on improving major banking operations.

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