

Working Capital Analysis of Urban Co-operative Bank in Ariyalur - A Study

Dr. V. Balakrishnan
Department of Commerce
T.U.K. Arts college karanthai,
Thanjour-2
Tamilnadu-India.

R. Ayyapparaj
M.com., (B.Ed.), M.phil.,
Department of commerce
Prist University (East Campus)
Thanjavur - 613 403
Tamilnadu-India.

M. Muthumeena,
M.com.,
Department of commerce
Prist University
Thanjavur - 613 403
Tamilnadu-India.

Abstract:- The co-operative bank created the habit of thrift among the poor people by accepting various types of deposits and by way of borrowing from the public. Development of banks is attached by their ability to attract deposits from different people rather than the volume of deposits. In India, in 1982, the first co-operative movement was started in madras. It was on the basis of this recommendation that co-operative credit societies. Act 1904 was enacted. This marks the official introduction of the co-operative movement in India. Urban co-operative bank occupy a prominent place among the agencies supplying the credit supplying the credit needs of people residing in urban areas earners on personal security as well as against gold, silver and properties. Since the credit sector is “the Prince of Denmark” in the whole apparatus of the co-operative movement. It merits the pride of place in the present study of co-operation. The co-operative banking structure is pyramidal or federal in character.

Keywords:- Working capital analysis and Net profit ratio analysis.

I. INTRODUCTION

In India, the co-operative banks have a unique role in the banking system. The co-operative bank created the habit of thrift among the poor people by accepting various types of deposits and by way of borrowing from the public. Development of banks is attached by their ability to attract deposits from different people rather than the volume of deposits. In India, in 1982, the first co-operative movement was started in madras. The madras government deputed Sir Fredrick Nicholson to Germany to study the theory and practice of agriculture and other land banks in Europe with a view to suggest measures for building such a movement in India. While the Nicholson report was under examination, lord cur zone Government appointed a committee under the chairmanship of Sir Edward law suggest measures for introducing co-operative movement in India. This committee was recommended that co-operative societies were worthy of every encouragement and a prolonged trial. It was on the basis of this recommendation that co-operative credit societies. Act 1904 was enacted. This marks the official introduction of the co-operative movement in India.

Encouraged by the success of urban institutions in Germany and Italy the social worker in India began co-operation as a means of bringing success to the middle class as early as the close of the 19th century. First urban credit society saw the light of the day in 1889. When a mutual aid society was registered at Baroda. The progress of urban can be accessed from the observation of the reserve bank made in purview of the co-operative movement in India. Urban co-operative bank occupy a prominent place among the agencies supplying the credit supplying the credit needs of people residing in urban areas earners on personal security as well as against gold, silver and properties.

II. GROWTH OF CO-OPERATIVE URBAN BANKS

Since the credit sector is “the Prince of Denmark” in the whole apparatus of the co-operative movement. It merits the pride of place in the present study of co-operation. The co-operative banking structure is pyramidal or federal in character. At the base that is at the village level there is primary credit society upon which is at the whole edifice of co-operative credit is based. These societies are federated at the district level in to a central society called the central co-operative bank. At the state level the district banks are federated into an apex bank. The apex or state co-operative bank in its turn is closely linked with the National bank for agricultural and rural Development that provide considerable financial assistance to co-operative credit structure. This is the set- up in regard to short-term financing. The urban co-operative however do not exactly fit into this federal structure. At the moment consists of two tiers. There are primary land montage bank at the base and central land montage bank at the top. It some places central land development bank operate through their branches. There are in addition a few industrial through their Branches. There are in addition a few industrial banks operating at the state or district level.

III. IMPORTANCE OF THE STUDY

The co-operative banking structure consists of state co-operative bank, central co-operative banks (at district level), urban co-operative banks and primary co-operative societies. Urban banks are formatted by small traders, artisans, salaried person and others residing in urban areas, with a limited

liability they accept all kinds of deposits from their members and non-members they provide short-term and medium term loans the members and also associate and promote the habit of saving security. In short them cultivate and promote the habit of saving and thrift among the local residents and fulfill their short-term and medium term financial requirements at concessional rates of interest. The middle class and economically weaker sections of the society are primarily benefited by the services of urban co-operative banks. So, a project was undertaken to study the functioning and the efficiency of one such urban banks, functioning in Ariyalur co-operative urban bank Ltd.,

IV. RESEARCH METHODOLOGY

A. Sources of data

The records available in the banks constituted the main source of data (secondary data). Interviews and discussions held with the staff of the bank provided sufficient information relating to general functioning, management and day to day affairs of the bank (primary data).

B. Analysis of data

The gathered information had suitably been tabulated. Percentages, ratios, growth rates were computed to highlight the growth features of the bank. Retile analysis, including spread ratio and burden ratio are adapted to analysis and evaluate the operational efficiency and profitability of the study unit.

C. Objectives of the bank

- ✓ The main objective of the bank is to borrow funds from members and loans to members for useful purposes Urban Co-operation bank Ariyalur.
- ✓ To analysis of the working capital status in Urban Co-operation bank Ariyalur.
- ✓ To encourage the habit deposit mobilization and co-operation among the members.
- ✓ To undertake the financing of private small scale industries and small scale industrialists.

V. STATEMENT OF THE PROBLEM

The urban co-operative banks functioning mostly in cities are not given confidential importance by the government. They are also not popular among the rural message. They do not know anything about the name and the functions of these banks. Due to this the urban co-operative bank are facing same difficulties to meet their financial needs. The financial standing of the commercial bank is very strong and their reputation is high and urban cooperative banks have a tough competition with banks in the collection of deposits.

The main cause for this problem lies in defective loan policy absence of proper rules about loans absence of proper security of loan application etc., They are many urban co-operative banks that are unable to utilize properly they funds

even though they have surplus funds. The present study has been undertaken to know how far the Ariyalur urban co-operative banks to could be able to mobilize its resource. Form its membership as well as from the general public.

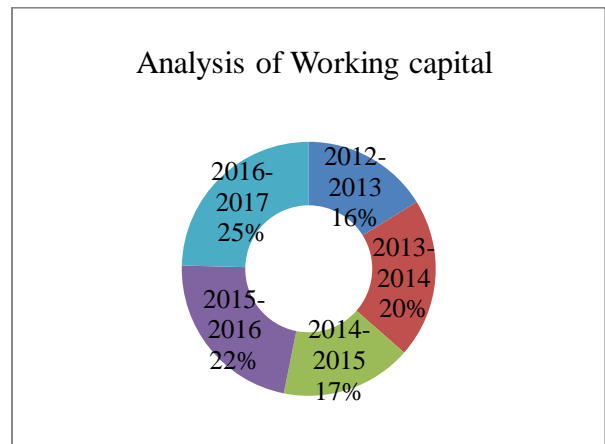
Working capital is a financial metric which represents operating liquidity available to a business, organization or other entity, including governmental entity. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. Net working capital is calculated as current assets minus current liabilities.

Table 1. Analysis of Working capital

Year	Amount (Rs)	Difference in %
2012-2013	7,14,43,315	-----
2013-2014	8,97,57,731	26%
2014-2015	7,37,14,331	-18%
2015-2016	9,84,04,688	34%
2016-2017	10,86,55,338	10.42%

Source: secondary data

Chart -1 Analysis of Working capital



A. Interpretation

The above table no.1 shows that working capital position when compare to 2014-2015. The working capital has increased in the year 2015-2016at 34% and when compare into 2012-2013 in the working capital has decreased the year 2014-2015 at 18%. The net worth value of working capital has increased from Rs. 7, 14, 43,315 to Rs. 10, 86, 55,338 in the study period percentage of 10.42%.

B. Net profit

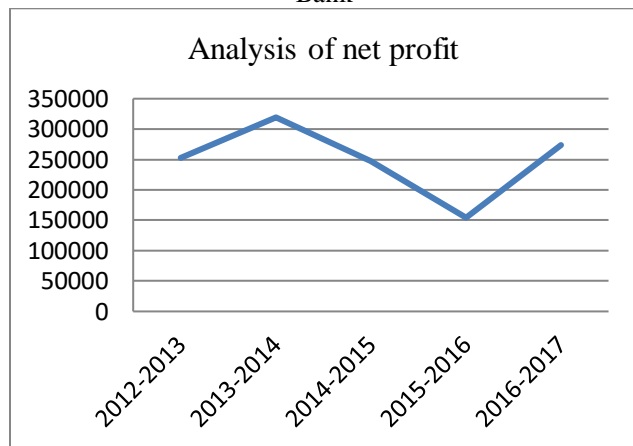
For assessing the performance of a bank the net profit of such bank is taken into consideration. The Co-operative Urban Bank earns profit year – by – year. With analyzing the profit earned by the urban bank in the last 5 years. It may find out the well performance of the bank.

Table-2 Analysis of net profit for the Urban Co-operative Bank

Year	Amount (Rs)	Difference in %
2012-2013	2,52,935	-----
2013-2014	3,19,222	26%
2014-2015	2,47,282	-23%
2015-2016	1,54,262	-38%
2016-2017	2,73,180	77%

Source: secondary data

Chart -2 Analysis of net profit for the Urban Co-operative Bank



C. Interpretation;

The above table no.4.1.4 shows that net profit position when compare to 2012-2013.the profit has increased at 26% in the year 2013-2014. When compare to 2014-2015 and 2015-2016 the profit has increased in the year 2016-2017 at 77%. The net worth value of net profit has increased from Rs. 2,52,935 to Rs. 2, 73,180 in the study period.

VI. CONCLUSION

As per the analysis and findings made on the functioning of the Ariyalur Urban Co-operative Bank Ltd, Ariyalur it is clear that the bank takes effective interest in the enlistment of the urban population by mobilization of deposits and granting of loans to them. The share capital, and loans are on the increasing trend and they depict a better financial position of the bank. It is also found that the bank is very much involved in the activities which improve the standard of living of urban people. It can take further effective steps to improve the financial schemes and thus make the bank the best urban co-operative bank in the state.

BIBLIOGRAPHY

[1]. Dr. MATHUR B.S – Co-operation in India. Shitya Bhawan, Publishers and Distributors Pvt.Ltd.,Agra 2001.
 [2]. Dr. Rangaswamy R Co-operation, Sweetly Publication, Tuticorin,1992.

[3]. HAJELA T.N. – Principles, Problems and Practice of Co-operation,Shivalal Agarwala & Company Educational Publishers,Agra,1975.
 [4]. UMESH PATNIK C. – Introduction to Co – operative management, Kalyani Publishers, Ludhiana, 1988.
 [5]. Dr.NAKKIRAN S. Dr. JOHN WINFRED A., Co-operative Banking in India, Rainbow Publication Coimbatore, 1988.
 [6]. Dr.MAHESWARI S.N. – Principles of Mangement Accounting. Sultan Chand & Sons,New Delhi,2002.
 [7]. Dr.RAMACHANDRAN R, Dr. SRINIVASAN R, Management Accounting, Theory,Problems and solutions, Sriram publications, Trichy 2001.