

Performance Appraisal of the Karimnagar Co-Operative Banks

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Abstract - With ever-rising expectations from shareholders, employees as well as depositors, urban cooperative banks are under a great deal of pressure to meet these demands today. Investors and the general public should be allowed to see the financial accounts of the banks they invest in. Small share capital, membership, loans, outstanding working capital, and profit make up the majority of Urban Co-operative Banks in New York. Thus, they have a perception of their members that is smaller than it really is. Many of these Urban Co-operative banks are now unprofitable because of their inadequate share capital and deposits. Banks are experiencing a lack of operating capital as a result of rising past-due amounts. In order to measure a bank's productivity, profitability, and operational efficiency, a bank's performance appraisals must be analysed. The whole community of shareholders, workers, depositors, borrowing consumers, and government regulators should be evaluated for their performance. It is the purpose of this research to assess the progress of The Karimnagar Co-operative Bank Ltd. by evaluating company numbers and analysing the outcomes data from 2017. The data includes the performance years 2018 through 2021.

Keywords - Urban cooperative banks (UCBs) Performance Appraisal, KCC, GNPA, and NNPA. Co-operative Movement.

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DEFINITION OF COOPERATION

Etymologically, the word cooperation is a derivative of the Latin term "co-perari," where co means with and "operari means "to work Cooperation.", an economic miracle of the 19th century, is not a mere slogan. In the present era, the financial condition has affected the situation, which is an integral part of national development. Economic activities in the form of cooperative, social, and economic activities have been in existence since time immemorial. According to the oldest literature, Vedas, Upanishads, Bhagavat Purana, Kautilya's Arthashastra, etc., referred to joint actions of the people. According to Co-operators, Paul Lambert goes a step further by saying, "A cooperative organization is established to serve its members democratically.

ORIGIN OF URBAN COOPERATIVE SOCIETIES IN INDIA.

Raiffeisen-style cooperative credit organisations may be established in India. While U.P. Macalgan and Lyon in Bengal laid the groundwork for the contemporary cooperative movement, Duplex, which

included both of these organisations, prepared the way. Cooperatives made a name for themselves by establishing voluntary groups in the latter half of the twentieth century. They used the Indian mentality as a starting point and European expertise as a guide to develop appropriate approaches. Unlike the friendly and building communities of the British Empire, the Madras Presidency had urbanised indigenous societies known as Nidhis, whilst Western India favoured reciprocal societies. Since 1883's early days, Sir Henry Stark had established the skeleton of India's cooperative credit system, which was based on Europe's model. A fresh pleading was made by Sir Ramond West. The Madras government was the first in India to recognise the potential of the cooperative movement and to designate a representative. In 1892, F.H. Nicholson was appointed as a Special Officer to examine the philosophy and practise of the joint movement in Europe, with specific regard to the formation of cooperative credit in Germany, and propose ways to introduce it in India. The committee which was recommended and was headed by Sir Edward Law, the principal Co-operative Credit

Societies Act 1904 was enacted towards inspire thrift, self-help, besides cooperation. In the direction of remove inherent plus external defects of the Act of 1904, the Cooperative Societies Act, 1912 was passed. This Act also facilitated the registration of all types of cooperatives, including cooperative federations. Cooperation became a transferred subject with the passing of the Montague Chelmsford act 1919. The state of Bombay (Act VII of 1925), followed by Madras, Bihar, Orissa, Bengal, etc., passed their cooperative Societies Act, keeping the basic pattern of the 1912 Act intact. It may be pointed out that the Act of 1912 is still the basis of cooperative legislation in free India.

Two village banks were set up as an experiment by the Madras government, but the Bombay government was less enthusiastic. The Italian model of cooperative societies has also been adopted by states like U.P. Punjab and Bengal, which register them under the Societies Registration Act or the Companies Act since no separate legislation is required.

Urban cooperative credit was initially tested in the former state of Baroda. Pro.Vithal Laxman, alias Bhausahab Kavathek, had a dinner at his Baroda mansion on February 5th, 1889. A final decision was made to establish "Anyonya Sahari Mandali," which would promote thrift and provide assistance to Maharashtra citizens in Baroda city. At the meal, the 21 guests from Maharashtra agreed to become founding members by subscribing monthly for a minimum of Rs.2-per-person. It was a subscriber-based mutual aid association, whose money were held in the Postal Bank, and the state of Baroda had no involvement. Deliberate organisations were formed up in the Bombay presidency by public-spirited citizens without government aid in the wake of experimentation in the Baroda State. In Kanjeevaram, Madras Province, the first urban cooperative credit society was established in 1904. Betegri cooperative Credit Society in Dharwad district (now Karnataka) and Bangalore city (now Mysore) were registered as cooperative credit societies in October and December 1905, respectively. But it wasn't until 1911 that the law's scope was broadened to include non-agricultural credit institutions.

ORIGIN OF URBAN COOPERATIVE BANKS IN INDIA

Until 1915, little attention was paid to the formation of Urban Cooperative Credit Societies. Macalagaon Committee members spoke about how these organisations may be used to teach basic banking fundamentals to the top and medium urban groups.

Urban Co-operative Credit Societies grew in prominence as a result of the collapse of local joint staff banks throughout the nation. Then it dawned on everyone that urban credit societies were the most suitable institutions for gathering local savings and giving financial accommodations to individuals enslaved by money lenders. In Bombay and Madras region, several urban credit cooperative organisations were established between 1919 and 1938. In Bombay, the first urban credit organisations focused their services only on members of certain ethnic groups. Members were the primary focus of their lending activities, as well. This is partly because urban earnings fell less dramatically than rural incomes, allowing the urban cooperative credit movement to continue to grow despite the great depression of the 1930s. Later, the Second World War's economic boom (1939-1945) stimulated India's urban bank expansion. They flourished in numbers, but also in their scientific endeavours, expanding their horizons greatly. As a result of commercial banks' inability to meet the credit needs of small businesses, artisans, and traders, urban cooperative societies were compelled to take up new avenues, such as financing small businesses, artisans, and small traders for productive purposes, in order to meet the needs of these groups.

Following a recommendation from the Co-operative Planning Committee in 1949, Urban Banks that received deposits on current accounts were mandated to establish a current account.

- (a) Rs. 2,00,000/- in paid-up capital.
- (b) Maintain flexible resources in accordance with the Registrar of Cooperative Societies' requirements.
- (c) Until the paid-up share capital and at least one-fourth of the net income are equal, the company should contribute to the reserve fund. When it comes to a bank's reserve money, gilded securities or deposits in banks certified by the Registrar are the best options.

OBJECTIVES OF THE STUDY

- a) In order to assess the KDCB's financial health.
- b) To see how The KDCB's expansion is progressing.
- c) In order to give recommendations for increasing profit

PERIOD OF THE STUDY

This learning shelters five years, 2016-2017 to 2020-2021. The present study covers derivation of Cooperation, Communal banking in India's cities, appraises The Karimnagar Co- operative Bank's performance, and analyzes various operations. The above said period is adequate.

DATA COLLECTION

The Secondary data constitutes Reserve Bank of India bulletins, basic Cooperative statistical returns of federations of state and national level, various journals of Co-operative and Commerce and Industry and (Books and online journals) the Reports of Annual General Meeting of the bank

DATA ANALYSIS

The researcher analyzed the data to understand the perception of the bank. The tabulations and the results for analysis were done with the help of Microsoft Excel-2007 for Statistical; scientific tools were used.

RADIUS OF INTEREST IN THIS ASSESSMENT

The subject of this investigation is The KDCB's financial performance. Hence there remains a scope for comparative analysis of individual branches of The KDCB.

LITERATURE REVIEW

K. Vaeshnavi, Dr.Naveen Prasadula, (2021): The overall financial performance of the UCBs on all fronts, namely, Membership, Share capital, Deposits, Loans. Mahajan S. and Teli R. (2018) analyzed the liquidity and profitability performance of Vidarbha Konkan Gramin Bank, Maharashtra. This study is about secondary data and covers five years from 2019-19 to 2020-21.

Dr. Sandip K. Bhatt, Dharmendra P. Patel (2020) Now, it is clear that cooperative banks are essential for sustainable growth. These banks are the best vehicles for taking banking to the doorsteps of ordinary people, unbanked people in urban and rural areas. The presence of Ordinary people, especially those living in urban and semi-urban regions who do not have bank accounts, may benefit greatly from Urban Co-operative Banks. For the growth of India's banking sector, UCB's stats are critical. Small-scale borrowers are their primary customers.

Table 1: Financial Performance of the Kdcb (As On 31.3.2022)

S.NO.	PARTICULARS	RS.IN. LAKHS.				
		2016-17	2017-18	2019-19	2019-20	2020-21
1	No of bank branches	46	50	50	50	50
2	Total Membership (No)	68,783	75,298	82,229	87,863	90,776
3	Paid-Up Share Capital	173,38.32	193,48.40	215,56.27	241,19.20	251,40.37
4	Reserve Fund	117,95.77	145,88.45	186,64.87	221,64.98	260,73.20
5	Investments					
6	Loans and Advances	1737,22.21	1970,64.85	2139,38.74	2378,86.37	2719,43.01
7	Deposits	2531,56.01	2730,56.01	3110,12.90	3522,68.22	3853,58.71
8	Total Business (Deposits+Loans)	4268,78.22	4701,20.86	5249,51.64	5901,54.59	6573,01.72
9	Gross NPA Percentage.	4925.29 2.83%	5476.64 2.78%	7521.48 3.52%	139,64.80 5.87%	118,27.99 4.35%
10	Net NPA Percentage.	3255.75 1.89%	3007.10 1.54%	4051.94 1.93%	93,70.26 4.02%	43,61.74 1.65%
11	Priority debts	42%	46%	50.95%	48.33%	47.45%
12	Net Profit	3128.85	3370.50	3723.50	3410.94	4511.41
13	Interest paid on Deposits	204,64.52	204,67.90	217,97.30	246,70.87	256,90.69
14	Interest on Loans & Advances	201,47.72	223,10.12	241,45.35	256,42.53	271,71.50
15	Income on Investments	281,66.54	296,80.83	325,81.74	360,23.20	384,12.65
16	Other Income	575.75	604.78	794,09.828	867.70	983.32
17	Per employee productivity	10.85	10.92	11.92	12.38	13.94
18	Per Employee Profit	7.86	7.89	8.46	7.14	9.58
19	Working Capital	2875,21	3124,96	3562,97	4055,07	4488,24
20	Capital Adequacy	14.78%	15.71%	17.50%	17.50%	19.07%
21	Net worth	236,59	291.67	335.03	377,98	433,12

SOURCE: ANNUAL REPORTS OF THE KDCB

Branches & Membership

The above table shows that the number of branches of The Karimnagar Co-operative Bank Ltd has increased from 46 in 2016-17 to 50 in 2017-18. The membership was 68,783 in 2016-17 reached 90,779 in 2020-21. There was continuous growth and registered 31.97 percent during the same period. According to the Reserve Bank of India, there has been no increase in the number of bank branches was not accorded permission to open new branches though the bank is running in regulatory norms. It was a significant hardship for the development of bank business for KDCB.

Share Capital:

Share Capital is the primary source of the Cooperative Urban banks. Banks raise share capital by issuing shares. Urban banks linking shareholding to borrowers and depositors emphasize increasing share capital to build up share capital. During the study period, there has been substantial growth in the share capital of the KDCB. During the five years, the share capital grew from Rs.173,38.32 lakhs in 2016-17 to Rs.251,40.37 lakhs in 2020-21, and the percentage growth was 44.9%

Reserve Funds:

The UCBs maintain various statutory reserves, Viz, Investment fluctuation reserve, Bad reserve Building fund, Co-operative Education fund, welfare fund, Dividend Equalization fund, and other funds. The total reserve fund of KDCB in 2016-17 was Rs. 117,95.77 lakhs and increased to Rs. 260,73.20 lakhs in 2020-21, there was tremendous growth during the above period and registered 121.03 percent during the same period.

Deposits:

During the period bank reached a level of Rs. 2531,56.01 lakhs as on 2016-17 3853,58.71 lakhs to 2020-21. The growth amount is Rs.1322,02.70 lakhs, and the percentage was 52.22.

Loans & Advances:

The loans and advances of the KDCB recorded a growth of Rs.1737,22.21 lakhs in the year 2016-17 to Rs.2719,43.01 lakhs in the year 2020-21. The growth percentage of the loans advances was 56.53.

Income on Loans and Advances:

Bank earned an income of Rs.575.75 lakhs during the year 2016-17 and increased the amount to Rs.983.32 lakhs in the year 2020-21. The percentage was 34.86.

Other Income:

During the study period, other bank income recorded the highest growth of Rs.575.75 lakhs in 2016-17 to Rs.983.32 lakhs in 2020-21. The growth percentage was 70.78.

Net Non-Performing Asset:

Net NPA of the bank during the period 2016-17 to 2019-19 is below 2 percent and during 2019-2020 increased to 4.02 percent. There was growth in the NNPA percentage. Again, in 2020-21 the NNPA was decreased to 1.62%. The reason for the development of NNPA in the year 2019-20 was the pandemic Covid-19, which has affected human life. So, the banking sector faced significant problems in

recovering loans and advances and increased NPA of banks.

CONCLUSION

From the above analysis The Karimnagar District Co-operative Bank Ltd has achieved considerable progress in total bank business. In the case of bank membership, Share Capital, Reserve funds, Deposits, loans and advances, income on loans and advances, Other income, Working capital, and all aspects bank recorded notable growth during the study period of 201-17 to 2020-21. Based on the bank's appraisal of the above five-year period, the KDCB is running profitably by increasing its business year by year. As per the rule of "The Co-operative Planning Committee 1949, Urban Banks has to carry the reserve fund at least of their net profit till it equals the paid-up share capital" was succeeded by KDCB and reached the Reserve Fund more than Paid-up Share Capital. The bank's profit was increasing year by year, and the bank had to increase other income by providing various services through bank. The Karimnagar Co-operative Bank renders its services to rural-urban and semi-urban people by opening branches over the entire state of Andhra Pradesh and Telangana. Bank encourages rural people's development by providing banking services through their nearer and around their semi-urban bank branches. People like the small and middle class, weaker sections, artisans, traders, and small business people are encouraged by giving loans to support them in their activities.

Hence, without hesitation, the Karimnagar Co-operative Bank is doing its best to fulfill the aims they were formed.

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KarimnagarMergersinIndia:
A ResponsetoRegulatoryShocks,
EmergingMarketsFinanceandTrade.

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