



Operational Efficiency of Repco Bank- an Analysis

KEYWORDS

REPCO Bank, Operational efficiency, Rehabilitating, and co-operative society.

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ABSTRACT *Repatriates co-operative finance and development bank ltd, was registered on 19.11.1969 under the relevant provisions of madras co-operative societies Act 1961 and bank is deemed to be registered under the multi state co-operative societies Act 2002. The bank was established with the main purpose of rehabilitating repatriates from Sri Lanka and Burma. But, after the 1980s the Bank caters to the general public as well as repatriates by admitting them as members and also provides all types of deposits and credit like commercial and schedule banks. This study related to operational efficiency of REPCO Bank. Operational efficiency indicates the performance of bank in terms of total assets, total liabilities, total expenditure and total income and their growth over a period of time. The present study is limited only to operational efficiency of REPCO bank aspects of the growth trends of bank balance, fixed assets, operational expenditure, depreciation, repairs and other expenses are proved as decreasing trend. The analysis shows a positive growth trend of operational efficiency of REPCO bank for the last five years.*

INTRODUCTION

Indian banking institutions have been assigned a significant role in financing the process of planned economic growth. Strengthening Financial System has been one of the central issues facing emerging markets and developing countries. This is because a sound Financial System serves as an important channel for achieving economic growth through the Mobilization of financial savings, putting them to productive use and transforming various risks. Sound Financial System maybe possible with the efficient functioning of financial sector. The REPCO bank now caters to the repatriates as well as the general public by admitting them as members. The bank is extending almost all types of deposits and credit schemes available with the commercial and schedule banks.

SCOPE OF THE STUDY

Operational efficiency indicates the performance of bank in terms of total assets, total liabilities, total expenditure and total income and their growth over a period of time. An attempt has been made to analyse the operational efficiency of the REPCO Bank with its select branches in Chennai City.

STATEMENT OF THE PROBLEM

Customer is constantly under the grip of luring forces in the unorganized money market sector. Though Financial Institutions cannot resort to those practices they can pursue best marketing strategies to sustain the interest of the customers. The REPCO Bank has been slow in mopping up deposits as a result, their Internal resources have not been fully and properly augmented. Innovative business has become more essential for the banks to stay and to progress in his aggressive, ever changing, completion- packed marketing environments. The REPCO Bank which was functioning in the highly regulated environment, is now facing the de-regulation of interest regime and it has to prepare itself to fight the competition as they were complacent. In the Monopolistic Market environment. It is expecting infusion of around ₹100 crore in the next three years to double its business from the present ₹ 7061 crore to ₹ 15000 crores by 2014-2015. [www.business standard/.../ repco bank](http://www.businessstandard.com/.../repcobank) With

this background, the researcher has selected the REPCO Bank and its few branches in Chennai city to know the operational efficiency during the study period.

OBJECTIVES OF THE STUDY

The main objective of this research study is to analyse the overall operational efficiency of REPCO Bank and its select branches in the study area. The other objective are:

1. To analyse the performance of REPCO bank in terms of total assets.
2. To analyse the performance of REPCO bank in terms of total liabilities.
3. To analyse the performance of REPCO bank in terms of total expenditure.
4. To analyse the performance of REPCO bank in terms of total income.

RESEARCH METHODOLOGY

The research study is based on the nature and mainly based on the Secondary data. The Secondary data has been collected from Annual Reports of the respective sample units for last five financial years (2009-10 to 2013-14). The collected data has been analysed and growth trend has been calculated by using percentages analysis.

ANALYSIS AND INTERPRETATION

TABLE 1

Performance of REPCO Bank in terms of Total Assets (2009-10 to 2013-14)

Year	Cash Balance	Bank Balance	Investment	Advances	Fixed Assets	Other Assets	Total Assets
2009-10	181.76	66635.07	16072.69	119811.98	1069.69	6114.89	209886.08
%	0.09	31.75	7.66	57.08	0.51	2.91	100
2010-11	176.89	88159.66	27846.26	155768	1282.2	7993.7	281226.10
%	0.06	31.35	9.90	55.39	0.46	2.84	100
2011-12	227.44	105096.66	28462.66	220044.88	1311.58	10246.29	365389.53
%	0.07	28.76	7.79	60.22	0.36	2.9	100
2012-13	390.09	144989.97	29787.75	297048.67	1222.59	14057.44	487496.53
%	0.08	29.75	6.11	60.93	0.25	2.88	100
2013-14	741.31	162509.12	26956.99	385039.15	1295.93	21759.95	598302.47
%	0.12	27.16	4.50	64.36	0.22	3.64	100

Sources: Annual Reports of REPCO Bank

Table:1 Depicts the operational efficiency of sample units in terms of total assets. The growth trend of the components of total assets has been calculated for five years. It can be observed that over the study period the growth trend of cash balance, Investment and Other assets was fluctuating. Bank balance and fixed assets were in decreasing trend ranging from 31.75% to 27.16 % and from 0.51% to 0.22%, respectively. Only advances were in increasing trend during last five years ranging from 57.08 % to 64.36 %.

TABLE 2
Performance of REPCO Bank in terms of total liabilities (2009-10 to 2013-14)

Year	Capital	Reserve and Surplus	Deposits	Borrowing	Other Liabilities	Total Liabilities
2009-10	527.38	8481.78	178391.40	6259.79	16225.34	2098866.09
%	0.25	4.01	84.98	2.98	7.73	100
2010-11	5751.45	12580.10	259396.10	12691.25	20807.20	281226.10
%	2.05	4.47	81.57	4.51	7.40	100
2011-12	7589.47	16805.82	297509.86	18287.67	25196.74	363389.33
%	2.08	4.60	81.42	5.00	6.90	100
2012-13	9721.98	22280.40	403551.00	14472.85	37490.30	487496.53
%	1.99	4.57	82.78	2.97	7.69	100
2013-14	10431.23	28916.35	508831.42	2767.34	47356.14	598302.48
%	1.74	4.82	85.05	0.46	7.92	100

Source : Annual Report of REPCO Bank

Table 2 highlights the performance of REPCO bank in terms of total liabilities. The growth trend of individual component of total liabilities has been calculated for the last five years from 2009-10 to 2013-14. It has been found that the growth trend of capital and borrowing were fluctuating except 2011-12 where both the components had 2.08 % and 5.00% respectively. Reserves and surplus, deposits and other liabilities were maintained a stable growth trend over the study period.

TABLE 3
Performance of REPCO Bank in terms of Total Expenditure (2009-10 to 2013-14)

Year	Operational Expenses	Interest Paid	Depreciation	Rent & Tax	Repair	Legal Charge	Other Expenses	Total expenses
2009-10	2703.67	13353.4	230.84	149.26	79.12	6.3	2787.19	19309.78
%	14.00	69.15	1.2	0.77	0.42	0.03	14.43	100
2010-11	3609.72	18544.6	291.4	298	77.7	15	4048.31	28856.73
%	13.43	68.97	1.09	1.11	0.29	0.06	15.05	100
2011-12	3955.87	28805.82	358.5	359.43	91.7	18.82	4965.79	30495.33
%	12.97	68.22	1.18	1.18	0.30	0.06	16.09	100
2012-13	5631.29	32933.95	340.94	420.7	113.32	20.67	5400.17	44881.04
%	12.55	73.43	0.76	0.94	0.25	0.05	12.02	100
2013-14	6888.86	45456.43	320.03	571.5	142.64	23.61	6794.99	60206.66
%	11.44	75.50	0.55	0.95	0.24	0.04	11.28	100

Source : Annual Report of REPCO Bank

Table 3 depicts the performance of REPCO bank in term of total expenditure. The growth trend of the components of total expenditure. The growth trend for the last five years was calculated. It can be understood that there was a decreasing trend in the growth rates of operational expenditure (from 14.00 % to 11.44 %), depreciation (from 1.20 % to 0.55%), repairs (from 0.42% to 0.24 %) and other expenses (from 14.43% to 11.28%) where as interest paid was in increasing trend ranging from 69.15% to 75.50%. The growth trend of rent and taxes and legal charges were fluctuating over the study period.

TABLE 4
Performance of REPCO Bank in terms Total Income (2009-10 to 2013-14)

Year	Expenditure	Profit	Income
2009-10	19309.78	3003.14	22312.92
%	86.54	13.46	100
2010-11	26886.73	4376.71	31263.44
%	86.00	14.00	100
2011-12	30495.93	5616.94	36112.86
%	84.45	15.55	100
2012-13	44881.04	7265.22	52146.26
%	86.07	13.93	100
2013-14	60206.66	8602.38	68809.04
%	87.50	12.50	100

Source : Annual Report of REPCO Bank

Table 4 presents the growth trend of expenditure and profit in terms of income throughout the study period. It can be stated that the trend in expenditure was under control over the study period where as profit was in fluctuating trend.

CONCLUSION

The performance of REPCO bank as a whole is in increasing trend. Various components of total assets, total liabilities, total expenditure and total income show increasing, decreasing and fluctuating trends. The components like cash balance, investment, other assets, capital, borrowing, rent and taxes and legal charges show a fluctuating growth trend throughout the study period.

The growth trends of bank balance, fixed assets, operational expenditure, depreciation, repairs and other expenses are proved as decreasing trend. Whereas other components like reserves and surplus, deposits and other liabilities are in stable over the period. Only advances, interest paid and expenditure show good growth during the study period. Thus, the analysis shows a positive growth trend of the operational efficiency of REPCO bank for the last five years.

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