Research Paper Commerce

A Study on Financial Performance of "The Goa State Co-operative Bank Ltd

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ABSTRACT

Cooperative banking structure, which is now a century old. The commercial banks after nationalization entered in rural areas, but the cooperative banks still continue to enjoy an important place in rural credit scenario. Goa has a well-knit banking system with as many as 586 banking offices as on 30th September, 2011. Presently there is a bank branch for approximately every 2500 people in Goa, taking into account the population of the State as per 2011 census. In this paper attempt has been made to study the performance of "The Goa state Co-Operative Bank Ltd" in the areas of working capital, deposits, advances and profit or loss for 12 years from 1993-94 to 2010-11. The adoption of technology required banks to re-engineer processes, network branches and introduce alternate delivery channels such as internet banking, phone banking and mobile banking, data warehousing and data mining, customer relationship management, integrated treasury management, human resource management and the implementation of core banking solutions.

Keywords: State Co-operative Bank, Working Capital, Profitability

Introduction:

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 generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts etc.). Banking system and the Financial Institutions play very significant role in the economy. First and foremost is in the form of catering to the need of credit for all the sections of society. An efficient banking system must cater to the needs of high end investors by making available high amounts of capital for big projects in the industrial, infrastructure and service sectors. At the same time, the medium and small ventures must also have credit available to them for new investment and expansion of the existing units. Rural sector in a country like India can grow only if cheaper credit is available to the farmers for their short and medium term needs.

The first phase of co-operative bank development was the formation and regulation of cooperative society. The constitutional reforms which led to the passing of the Government of India Act in 1919 transferred the subject of "Cooperation" from Government of India to the Provincial Governments. The Government of Bombay passed the first State Cooperative Societies Act in 1925 This marked the beginning of the second phase in the history of Co- operative Credit Institutions.

Banking in Goa.The number of banking offices in Goa steadily increased from a mere 5 in 1962, just after liberation, to 300 bank branches after it gained Statehood in 1987 and further to 586 branches as on 30th September 2011.

The aggregate deposits registered a phenomenal growth from ₹. 9.00 crore in 1962 to ₹. 26,045 crore in 2008-09 and to ₹. 34165 crore in 2010-11 and as on September 2011, the total bank deposits stood at ₹. 40617 crore.

Bank Deposits have seen an increasing trend over the last few years. It is observed that the Bank Deposits saw an enormous rise in the year 2000-01 over 1995-96 wherein the growth recorded is approximately 127%. However as new investment avenues became more familiar with the investors, the Annual growth rate of deposits reduced to about 13% in 2009-10. However subsequently in 2010-11 the growth rate has gone up to 16%. During the year 2008-09 domestic savings registered a Annual Growth of 30% while NRE deposits dropped to 3% as compared to the previous year. In the year 2010-11 the annual growth rate of domestic and NRE deposits stood at 17% and 10% respectively.

Objectives of the Study

1) To study the role of state co- operative banks in banking sector.

2) To understand the financial performance of **The Goa State Co-operative Bank Ltd.**

Methodology and Database

The study is based on secondary data. The secondary sources of data are government publications like Economic Survey of Goa, and Reports of The **Goa State Co-operative Bank Ltd.**

State co-operative banks:

The state co-operative bank is a federation of central co-operative bank and acts as a watchdog of the co-operative banking structure in the state. Its funds are obtained from share capital, deposits, loans and overdrafts from the Reserve Bank of India.

The Goa State Co-operative Bank Ltd:

The Goa State Co-operative Bank Ltd was founded on 7th, November 1963, as Apex financing agency in the co-operative sectors in the then Union territory of Goa, Daman and Diu. Over 48 years after its inception, the Bank had gained strong foundation in terms of its membership, resources, assets .The Bank has grown in stature, progressed in its social and economic objectives and produced an image of what an ideal bank should be. Last two decades the bank has witnessed a steady growth in the business. The banks have a network of 67 branches and are fully On-Line Computerized, and are connected at Central Location on CBS.

Comparative Position of Progress for the last 12 years						
* ₹ in Lakhs						
Years	Membership		Working Capital ₹	Deposit ₹	Advances ₹	Profit Loss – ₹
	Societies	Individuals				
1993 -1994	536	2344	16236.04	13785.70	9836.26	30.39
1994 -1995	564	2715	19762.53	16622.58	11696.61	43.85
1995 -1996	599	2664	24250.05	20206.34	15822.48	44.59
1996 -1997	618	3257	32739.32	26730.65	19216.80	51.49
1997 -1998	624	4388	39431.07	32224.60	22188.31	64.62
1998 -1999	672	5197	47837.93	38434.76	25161.36	12.50
1999 -2000	706	6165	51851.14	39507.76	27763.90	68.58
2000 -2001	725	7498	57479.63	44134.10	30064.81	-310.62
2001 -2002	750	7768	61416.83	46468.09	32907.90	103.61
2002 -2003	777	8077	65390.15	48606.49	32250.01	21.38
2003 -2004	800	8891	74521.36	55321.13	32162.49	330.43
2004 -2005	825	9446	76764.25	57510.99	35065.89	28.39
2005 -2006	886	9684	82115.74	64589.67	37796.60	108.30
2006 -2007	926	10652	79488.96	65294.69	33149.22	27.49
2008 -2009	955	14629	87043.73	75411.21	49463.68	89.33
2009 -2010	963	17146	109036.97	95899.28	55557.64	92.69
2010-2011	967	19043	119881.41	104465.02	58796.23	101.21

(Source: **The Goa State Co-operative Bank Ltd)**



Findings:

Profitability; Bank made a profit of ₹ 30.39 laks in year 1993-94, and it has shown very progressive trend till 1997-98. In the year 2000-01 bank showed a loss of ₹ 103.61 lakhs and there after it has not showed a steady trend. Bank made a profit of ₹101.21 lakhs in 2010-11.

Membership, Working Capital: **The Goa State Co-operative Bank Ltd** had 536 societies and 2344 individual members in 1993-94 and it has increased to 967 societies showing a growth of 180 percent and 19043 individual members showing a growth of 812 percent in 2010-11 over a period of 12 years. Bank showed an increasing trend in working capital which was in 1993-94 ₹ 16,236.04 lakhs, increased to ₹ 119,881.41 lakhs in 2010-11.

Deposits and Advances: The growth of bank and quantum of deposits shows the extent of public confidence and the saving habit of the customers. In the case of deposits mobilization bank showed a steady increase of ₹ 13785.70 lakhs in 1993-94 to ₹ 65294.69 lakhs in 2006-07and ₹104465.02 lakhs in 2010-11.Advances plays a major role in the gross earnings of banks. In field of advances there is a growth from 1993-94 to 1999-2001 and not shown any major development in three years 2001-02,2002-03,2003-04.and there after it has shown a remarkable improvement in the total advances of₹58796.23 lakhs .in 2010-11

Suggestions and Conclusion: The purpose and objectives of cooperatives provide the framework for cooperative corporate governance. Co-operatives are organized groups of people and jointly managed and democratically controlled enterprises. They exist to serve their members and depositors and produce benefits for them. Co-operative corporate governance is therefore about ensuring cooperative relevance and performance by connecting members, management and the employees to the policy, strategy and decision-making processes.

The adoption of technology required banks to re-engineer processes, network branches and introduce alternate delivery channels such as internet banking, phone banking and mobile banking, data warehousing and data mining, customer relationship management, integrated treasury management, human resource management and the implementation of core banking solutions. In addition, many initiatives of the regulator such as ECS, RTGS and NEFT also lead to overall technology adoption by banks.

New private sector banks are providing very good services to their customers. So growth rate in advances, investments, deposits as well as net profits is very high in case of private sector banks. Most of the customers of state co-op bank are visiting branches occasionally or 3-4 times during a month. The bank should take extra ordinary care of such types of customers in order to make them permanent clients of the bank. Customers are very much satisfied by the services provided by the bank. Having a greater understanding of customers enables banks to introduce new products, which would cater to the needs of customers in a better way. ATMs should be provided which is most preferred virtual banking technique used by the customers for cash withdrawal, balance enquiry and other services. Bank should provide Net banking facility, telephone banking facility for cheque book request, and other product informations. Drop box system which is very much needed in case of city branches should be provided where the customers facing vehicle parking problems in working hours. So that customers can deposit their cheques any convenient time.

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