

“Management of Loan and Advance of Cooperative Banks- A Special Reference in Uttar Kannada District”

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Abstract

When one feels to satisfy his needs, he is required to follow the principle “I for you and you for me.” Loan is an art because they trade with other people’s money deposited with the full confidence that it will be repaid on the due date. Loans are promises for future payments from the point of view of borrower. It is the confidence felt in the future solvency of a person in order to enable him to obtain the property of others for use as a loan. In this research analysis of four division of Cooperative Bank and the performance appraisal of the banks under study, in the sphere of loan and advance. They are: **Karwar Division:** Akshay Co-operative Credit Society Bank Ltd, karwar, **Sirsi Division:** The SirsiSouhadra Co-operative Bank Ltd, Sirsi, **Kumata Division:** Kanara District Credit Co-operative Bank, Kumata and **Bhatkal Division:** The Bhatkal Co-operative Bank, Bhatkal. An effort is made to use those devices, which analyse the profitability position of the banks. The following types of tools and techniques of analysis are used under the study: Standard Deviation, Co-efficient of Variance and Single Factor Analysis of Variance (ANOVA).

Key word: Co-Operative Banks, Loan and Advance, Analysis and Interpretation

I. INTRODUCTION

In the nature of market economy, some people are left behind and they are so weak that they cannot achieve an objective by their loan effort. Everyone in the group has similar urge for achievement. When one feels to satisfy his needs, he is required to follow the principle “I for you and you for me.” The very act of co-operation results in self-responsibility and solidarity. Mutuality is the essence of co-operation and is of great value in human endeavor. It really uplifts man to higher pedestal of life.

The bank provides an opportunity to the members to help mutually for the betterment of their economic life. It is serving the masses by bringing banking facilities at

their doorsteps thereby enabling them to pursue their productive activities.

A. Meaning

Bankers are in a sense moneylenders; but to them lending is both an art and science brought to perfection by long experience. It is an art because they trade with other peoples money deposited with the full confidence that it will be repaid on the due date. It is a science because they are required to employ the funds at their disposal to the best advantage without doing anything that might jeopardize the safety of funds or lose the confidence of depositors. The duty of the urban bank is not to find out how much exactly the member wants and how long he would require it, but to see how he will repay it and what security he is going to offer. What is more important from the viewpoint of the Co-operative Bank is whether the finance to be provided will raise the savings capacity of their members and make their life better and happier.

In the ordinary language ‘Loans and Advances’ refers to the amount of money lent by the bank to the public for a specific period at a specific rate of interest and for a specific purpose. In the accounting sense, it refers to an asset i.e. the value recorded on the right hand side of an account for the benefit given by that account.

B. Definition

According to Oxford Dictionary, Loans means “thing lent especially sum of money to be returned with or without interest and ‘Advance’ means, lend or pay before hand. It either is money lent, by way of overdraft upon a current account or by cash credit or loan, is a separate account upon a promissory note. It includes bill purchased/discounted, which is the same as making an advance upon the security of the bills. Loans are promises for future payments from the point of view of borrower. It is the confidence felt in the future solvency of a person in order to enable him to obtain the property of others for use as a loan.

II. ANALYSIS OF THE DIVISION NAME OF THE BANKS CITY

In this research analysis of four division of Cooperative Bank and the performance appraisal of the banks under study, in the sphere of loan and advance. They are:

A. Karwar Division

Akshay Co-operative Credit Society Bank Ltd, Karwar

B. Sirsi Division

The SirsiSouhadra Co-operative Bank Ltd, Sirsi

C. Kumata Division

Kanara District Credit Co-operative Bank, Kumata

D. Bhatkal Division

The Bhatkal Co-operative Bank, Bhatkal

III. TOOLS AND TECHNIQUES OF THE STUDY

The analysis and interpretation of the data is used to determine the position and results of operations

as well. In order to analyse and interpret the data. An effort is made to use those devices, which analyse the profitability position of the banks. The following types of tools and techniques of analysis are used under the study:

- 1 Ratio Analysis
- 2 Mean (Also known as Average)
- 3 Standard Deviation
- 4 Co-efficient of Variance
- 5 Single Factor Analysis of Variance (ANOVA)

IV. ANALYSIS AND INTERPRETATION OF THE DATA

The analysis and interpretation of the data is used to determine the position and results of operations of four division of Cooperative Bank and the performance appraisal of the banks. In order to analyse and interpret the data. An effort is made to use those devices, which analyse the profitability position of the Akshay Co-Operative Credit Society banks, Sirsi Urban SouhardhaSahakari Bank Ltd., Kanara Credit Cooperative Society and Bhatkal Cooperative Bank.

V. AKSHAY CO-OPERATIVE CREDIT SOCIETY BANK LTD, KARWAR

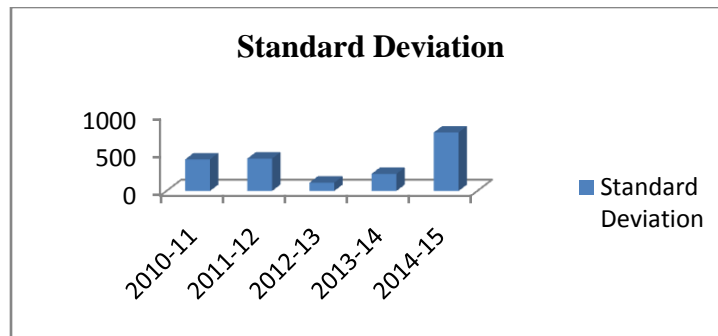
A. Performance Of Bank In Loans And Advances

Standard Deviation Of Loans And Advances

Table No.1: Standard Deviation of Loans and Advances (In lakhs)

Sl no	year	Loans and Advances	Standard Deviation
1	2010-11	2464.51	412.54
2	2011-12	3063.55	423.58
3	2012-13	3216.75	108.32
4	2013-14	3533.83	224.20
5	2014-15	4616.95	765.88

Chart No.1 : Standard Deviation of Loans and Advances



Interpretation

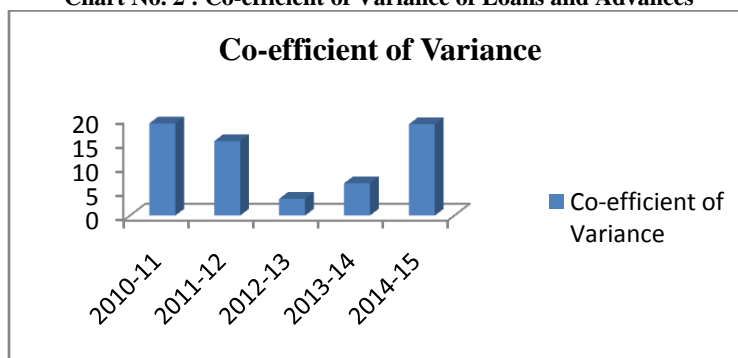
The table 1 and chart 1 describe the relevant data is calculated Standard Deviation on loans given in the year 2010 is 412.54, Standard Deviation on loans is reduced in the year 2010 is 412.54 and then it's again down in the year 2012-13 is 108.32.

B. Co-efficient of Variance of Loans and Advances

Table No 2: : Co-efficient of Variance of Loans and Advances (In lakhs)

Sl no	year	Loans and Advances	Co-efficient of Variance
1	2010-11	2464.51	18.98
2	2011-12	3063.55	15.32
3	2012-13	3216.75	3.44
4	2013-14	3533.83	6.64
5	2014-15	4616.95	18.79

Chart No. 2 : Co-efficient of Variance of Loans and Advances



Interpretation

The table 2 and chart 2 describe the relevant data is calculated Co-efficient of Variance on loans given in the year 2010 is 18.98 , Co-efficient of Variance on loans is reduced in the year 2010 is 138.5929 and then its little increase in the year 2012-13 is 3.44.

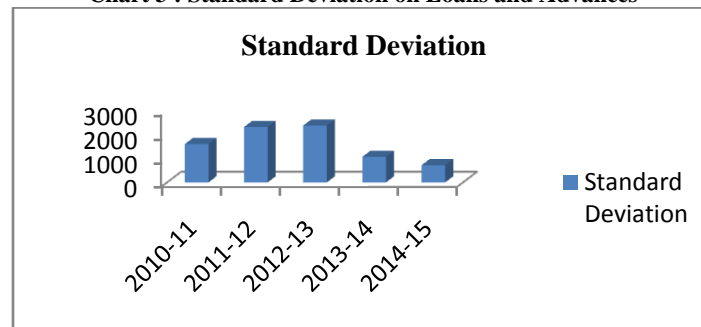
VI. SIRSI URBAN SAHAKARI SOUHARDHA BANK LTD.

**A. Performance of bank in loans and advance
Standard deviation on loans and advances**

**Table –3: Standard Deviation on Loans and Advances
(In lakhs)**

Sl no	year	Loans and Advances	Standard Deviation
1	2010-11	16483.28	1608.703
2	2011-12	19769.74	2323.878
3	2012-13	23141.30	2384.053
4	2013-14	24659.47	1073.508
5	2014-15	25678.70	720.704

Chart 3 : Standard Deviation on Loans and Advances



Interpretation

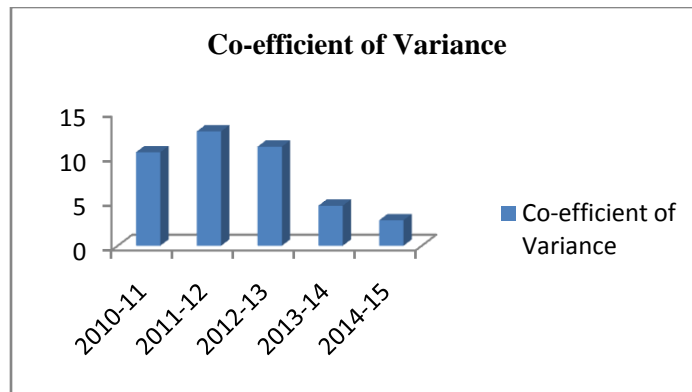
The table 3 and chart 3 describe the relevant data is calculated Standard Deviation on loans given in the year 2010 is 1608.703, Standard Deviation on loans is reduced in the year 2010 is 1608.703 and then its again down in the year 2013-14 and 2014-15 is 1073.508 and 720.704 respectively.

B. Co-efficient of Variance on Loans and Advances

**Table – 4: Co-efficient of Variance
(In lakhs)**

Sl no	year	Loans and Advances	Co-efficient of Variance
1	2010-11	16483.28	10.48
2	2011-12	19769.74	12.82
3	2012-13	23141.30	11.11
4	2013-14	24659.47	4.49
5	2014-15	25678.70	2.86

Chart 4 : Co-efficient of Variance



Interpretation

The table 4 and chart 4 describe the relevant data is calculated Co-efficient of Variance on loans given in the year 2010-11 is 10.48, Co-efficient of Variance on loans is reduced in the year 2013-14 is 4.49 and then its little decrease in the year 2014-15 is 2.86 .

VII.KANARA DISTRICT CREDIT CO-OPERATIVE BANK, KUMATA

A. Performance Of Bank In Loans And Advances

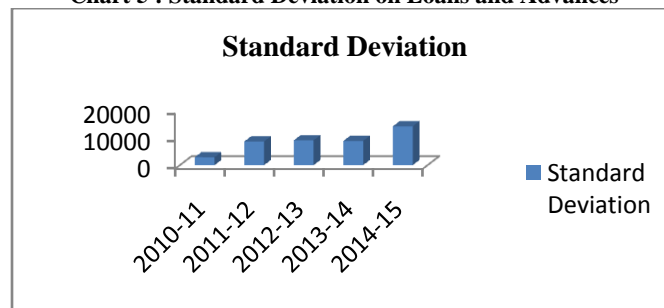
Standard Deviation On Loans And Advances

Table - 5: Standard Deviation on Loans and Advances

(In lakhs)

Sl no	year	Loans and Advances	Standard Deviation
1	2010-11	46322.32	2875.655
2	2011-12	58483.05	8598.935
3	2012-13	71228.12	9012.125
4	2013-14	83676.78	8802.532
5	2014-15	103626.45	14106.55

Chart 5 : Standard Deviation on Loans and Advances



Interpretation

The table 5 and chart 5 describe the relevant data is calculated Standard Deviation on loans given in the year 2010 is 2875.655, Standard Deviation on loans is reduced in the year 2010 is 2875.655 and then its again down in the year 2013-14 is 8802.532 but it is increase in year 2014-15 is 14106.55 .

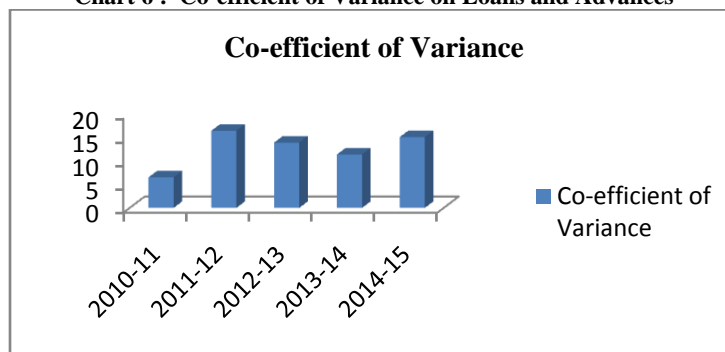
C. Co-efficient of Variance on Loans and Advances

Table - 6: Co-efficient of Variance on Loans and Advances

(In lakhs)

Sl no	year	Loans and Advances	Co-efficient of Variance
1	2010-11	46322.32	6.49
2	2011-12	58483.05	16.40
3	2012-13	71228.12	13.89
4	2013-14	83676.78	11.36
5	2014-15	103626.45	15.06

Chart 6 : Co-efficient of Variance on Loans and Advances



Interpretation

The table 6 and chart 6 describe the relevant data is calculated Co-efficient of Variance on loans given in the year 2010 is 6.49, Co-efficient of Variance on loans is reduced in the year 2010 is 6.49 and then its little increase in the year 2014-15 is 15.06.

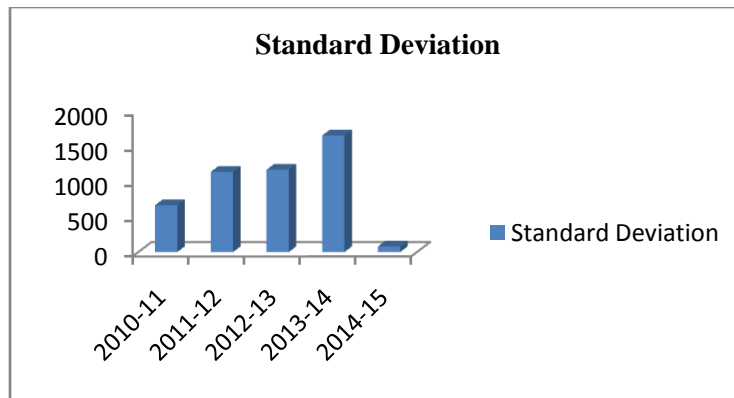
VIII. THE BHATKAL CO-OPERATIVE BANK, BHATKAL

**A. Performance Of Bank In Loans And Advances
Standard Deviation On Loans And Advances**

**Table - 7: Standard Deviation on Loans and Advances
(In lakhs)**

Sl no	year	Loans and Advances	Standard Deviation
1	2010-11	10689.97	664.680374
2	2011-12	12299.40	1137.73481
3	2012-13	13950.19	1167.4333
4	2013-14	16288.42	1653.21565
5	2014-15	16175.62	79.1959595

Chart 7 : Standard Deviation on Loans and Advances



Interpretation

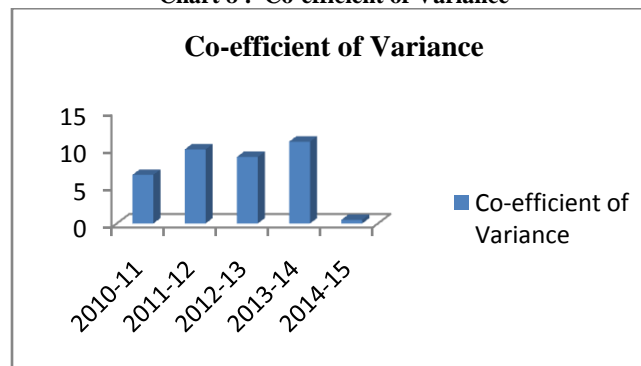
The table 7 and chart 7 describe the relevant data is calculated Standard Deviation on loans given in the year 2010 is Rs.664.680374, Standard Deviation on loans is reduced in the year 2010 is Rs. 664.680374 and then its gain in the year 2011-12 and 2012-13 is Rs. 1137.73481 and Rs.1167.4333. But in the year it 2014-15 Rs. 79.1959595

B. Co-efficient of Variance

Table - 8: Co-efficient of Variance (In lakhs)

Sl no	year	Loans and Advances	Co-efficient of Variance
1	2010-11	10689.97	6.503
2	2011-12	12299.40	9.897
3	2012-13	13950.19	8.894
4	2013-14	16288.42	10.934
5	2014-15	16175.62	0.487

Chart 8 : Co-efficient of Variance



Interpretation

The table 8 and chart 8 describe the relevant data is calculated Co-efficient of Variance on loans given in the year 2010 is Rs. 6.503, Co-efficient of Variance on loans is reduced in the year 2010 is 6.503 and then its down in the year 2014-15 isRs. 0.487.

C. Loan on Single Factor Analysis of Variance

A general introduction to ANOVA and a discussion of the general topics in the analysis of variance techniques. The critical values of F at the p = 0.05 level of significance obtain F-ratio. This has (x,y) degrees of freedom associated with it. Go along x columns, and down y rows. The point of intersection is critical F-ratio. If

obtained value of F is equal to or larger than this critical F-value, then result is significant at that level of probability. Loan of Single Factor Analysis of Variance of various cooperative banks.

Table - 9: Loan of Single Factor Analysis of Variance of AkshyaCooperative Bank and SirsiShavardShahakari Cooperative Banks

Source of Variance	Degree of Freedom	Sum of Square	Mean of Square	Variance Ratio
Between Sample	1	15850	15850	0.00145
Within Sample	10	108941169	10894116.9	

Above table obtain an F ratio of 4.97 with (1, 10) degrees of freedom. Go along 1 columns and down 10 rows. The critical value of F is 0.00145. Obtained F-ratio is larger than this, and so conclude that obtained F-ratio is likely to occur by chance with a $p < .05$.

Table - 10: Loan of Single Factor Analysis of Variance of AkshyaCooperative Bank and KDCC Banks

Source of Variance	Degree of Freedom	Sum of Square	Mean of Square	Variance Ratio
Between Sample	1	19834	19834	0.00663
Within Sample	7	20927734	2989676.28	

Above table obtain an F ratio of 5.59 with (1, 7) degrees of freedom. Go along 1 columns and down 7 rows. The critical value of F is 0.00663. Obtained F-ratio is larger than this, and so conclude that obtained F-ratio is likely to occur by chance with a $p < .05$.

Table - 11: Loan of Single Factor Analysis of Variance of AkshyaCooperative Bank and Bhatkal Cooperative Banks

Source of Variance	Degree of Freedom	Sum of Square	Mean of Square	Variance Ratio
Between Sample	1	5333	5333	0.00012
Within Sample	10	42137792	4213779.2	

Above table obtain an F ratio of 4.97 with (1, 10) degrees of freedom. Go along 1 columns and down 10 rows. The critical value of F is 0.00012. Obtained F-ratio is larger than this, and so conclude that obtained F-ratio is likely to occur by chance with a $p < .05$.

Table - 12: Loan of Single Factor Analysis of Variance of SirsiShavardShahakari Cooperative Banks and KDCC Banks

Source of Variance	Degree of Freedom	Sum of Square	Mean of Square	Variance Ratio
Between Sample	1	14650.5	14650.5	0.00117
Within Sample	7	87466235	12495176.43	

Above table obtain an F ratio of 5.59 with (1, 7) degrees of freedom. Go along 1 columns and down 7 rows. The critical value of F is 0.00117. Obtained F-ratio is larger than this, and so conclude that obtained F-ratio is likely to occur by chance with a $p < .05$.

Table - 13: Loan of Single Factor Analysis of Variance of SirsiShavardShahakari Cooperative Banks and Bhatkal Cooperative Banks

Source of Variance	Degree of Freedom	Sum of Square	Mean of Square	Variance Ratio
Between Sample	2	29152	14576	0.00134
Within Sample	10	108676293	10867629.3	

Above table obtain an F ratio of 4.10 with (2, 10) degrees of freedom. Go along 2 columns and down 10 rows. The critical value of F is 0.00134. Obtained F-ratio is larger than this, and so conclude that obtained F-ratio is likely to occur by chance with a $p < .05$.

Table - 14: Loan of Single Factor Analysis of Variance of KDCC Banks and Bhatkal Cooperative Banks

Source of Variance	Degree of Freedom	Sum of Square	Mean of Square	Variance Ratio
Between Sample	1	6532.5	6532.5	0.00221
Within Sample	7	20662858	2951836.85	

Above table obtain an F ratio of 5.59 with (1, 7) degrees of freedom. Go along 1 columns and down 7 rows. The critical value of F is 0.00221. Obtained F-ratio is larger than this, and so conclude that obtained F-ratio is likely to occur by chance with a $p < .05$.

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