

B.L.D.E Association's  
A.S.Patil College of Commerce (Autonomous), Vijayapur  
M.Com Programme

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**MINOR RESEARCH PROJECT REPORT**

ON

**FINANCIAL PERFORMANCE APPRAISAL OF CO-OPERATIVE BANKS WITH SPECIAL  
REFERENCE TO BIJAPUR DISTRICT, KARNATAKA**

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By

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**EXECUTIVE SUMMARY**

The banks are the heart of our financial system. They hold the deposits of millions of persons, governments, and business units. They make funds available through their lending and investing activities to borrowers' individuals, business firms, and governments. In so doing they facilitate both the flow of goods and services from producers to consumers and the financial activities of governments. They provide a large portion of our medium of exchange, and they are the media through which monetary policy is affected. These facts show that the commercial banking system of the nation is important to the functioning of our economy.

Due to certain changes in the banking sector and new economic policies, the co-operative sectors underwent a crisis. At the same time the failure of some good schedule banks and urban banks also attracted the attention of the people and has raised the question of security of their funds. So that need to find actual financial stability of the co-operatives banks and assures investors about the operational as well as financial efficiency of the co-operatives banks.

Distinctive features of the co-operatives banks as compared to other banks have motivated the researcher to undertake research on the financial position of the co-operative banks. In fact, no research has been undertaken the study in relation to financial aspects of co-operative banks which are operating in Bijapur District of Karnataka state. Therefore, the researcher has undertaken the research study entitled, "Financial Performance Appraisal of co-operative Banks with special reference to Bijapur District, Karnataka".

The present study deals with financial performance appraisal of co-operative banks with special reference to Bijapur district, Karnataka which are organized in financial services. For these purpose twenty co-operative banks are selected. For analyzing the financial performance of co-operative banks of Bijapur district of north Karnataka, the data related to all the twenty co-operative banks for the past five years viz. 2008-09 to 2012-2013 have been collected and various techniques of measuring performance like ratio analysis and statistical techniques have been applied to analyze and to draw conclusions.

The profitability ratios indicated that Interest Income, Interest Expended, Spread, Non-Interest Income, Non Interest Expenditure, Burden, Net Profit & Return on Capital Employed proved the financial soundness of SSCB, BPCB, AUCB and MCB. But after monitoring the changes in these profitability ratios, it is clear that the banks have to improve its operational strategy; only then it will be able to attract more customers and investors. For sound financial health, banks need to put in more effort to be efficient in generating greater profits per rupee of sale.

The liquidity & solvency ratios demonstrated that SVCB has a financial strong financial position. Investors were confident about investing in SVCB because they were confident that by investing in this not only will their money be safe, but they will get good returns every year.

The Productivity ratio was also another parameter used in this study, the researcher has found that the performance of BZSNSB was excellent regarding branch productivity and the performance of BDCCB and SSVSB was excellent regarding employee productivity.

On the practical dimension, this study is helpful for bankers and managers in their decision making to improve the financial performance and formulate policies that will promote effective financial system. The study also recommends measures that could be adopted by banks to ensure soundness in their operations. The impact of the four ratios has a significant difference between all the co-operative banks of Bijapur district, Karnataka.

The future of cooperative banks is challenging because of the competition from public sector banks and private sector banks. Public sector banks and private sector banks are concentrating on their major expansion activities both vertically and horizontally. The growth of co-operative banks depends on transparency in control and operation, governance, customer-centric policies, technology-up gradation and efficiency.

It can be concluded from the analysis that the adoption of modern technology, banking reforms and recovery mechanism greatly aided in improving the performance of the bank.