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An Economic Analysis of Manvi Pattana Souharda Sahakari Bank Niyamita

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Abstract: ***The Co-operative banks are as an important as commercial banks to provide quality financial services. It plays major role in development of urban, semi urban and also rural areas. It works on the basis of co-operative act. The quality service depends on the financial soundness of the bank. The present study focuses on the economic aspects such as, Share capital, Reserves, Deposits, Loans and advances, Investment, Net profit and Working capital of Manvi Pattana Souharda Sahakari Bank Niyamita. The Secondary data is used for the present study and the data analyzed by using statistical tools such as, Mean, Standard Deviation, Co-efficient of Variation.***

Key words: ***Manvi Pattana Souharda Sahakari Bank, Membership, Share Capital, Reserves, Deposits, Loans and Advances, Investment, Net profit, and Working Capital.***

I. INTRODUCTION

The Co-operative Credit Movement in the world started in Germany. In tolerable adverse conditions for the poor in Germany led to the Growth of a new economic organization known as the co-operative credit society in this country was the result of an enormous amount of work done by two men- Raiffeisen and Schulze. Origins of the co-operative movement in India can be traced back to the co-operative credit societies act, 1904. This act provides establishment of credit societies both in rural and urban areas for providing credit facilities of unfortunate ordinary man. Urban co-operative banks ranked a very significant position in the Indian banking system. The urban and semi urban areas are served by urban co-operative banks (UCBs).

The first urban co-operative society was established in India, which in known an "Annyona Sahakari Mandali Co-operative Bank", under the guidance of Vithal Laxman also known as Bhausaheb Kavthekar located in Baroda on February 1889. Middle class Marathi people established this society. The Urban Co-operative Banks (UCBs) credit movement in India started with principal object of catering to the banking and need for credit requirements of the urban and semi – urban middle classes. Examples are small traders, businessmen, artisans, salaried people, and factory workers with limited income. The people found out of the modest means to get away from the control of the moneylenders.

The Co-operative Credit Societies Act, 1904 was passed on 25th March 1904. The first co-operative society formed in Gadag District of Karnataka under First Co-operative law of India. This was launched on 8th July 1905 by the villagers of Kanaginahalli under the leadership of Shri Siddanagowda Sanna Ramanagowda Patil with the initial share capital of Rupees two thousand. But this had very limited scope covering just the credit co-operative Societies. Later in 1912, The British Government enacted the Co-operative Societies Act, 1912 which had wider scope for other types of co-operative Societies Function. When, the co-operatives were brought under the list of provinces to enact their own Co-operative Act. Soon After independence many states brought their own co-operative laws. At the national level, a Multi state co-operative societies Act was enacted.

In the Post-Independence period, crores of rupees were spent on popularizing the co-operative movement and make it a successful venture. But the co-operative movement did not yield the expected results. The central planning commission realized that the efforts and the funds invested went in vain so the Ardhanareshwaran Committee was formed in 1987. The outcome of the report the co-operative movement has failed in the country because of the "high intervention of the Government in the affairs of the Co-operatives".

Realizing the need for growth the co-operative sector, that promotes the economic development of the people, requires, the voluntary participation of the members. The planning commission under the leadership of Sir Brahmaprakash Choudhary constituted a committee to frame liberal co-operative law. The central Government circulated this model act to all states with an advice to incorporate the same. It ensures more power to the members, more member participation and less government intervention in the affairs of the co-operatives, freedom and removing restrictions. Freedom, self controls, self managed with no

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government interference in the day to day administration of the bank is the main theme.

Karnataka Government came out with the Karnataka Souharda Sahakari Act, 1997 framed on lines of the model Act. The act came in to force from January 01, 2001. Till date 18 Souharda Co-operative Banks are existed namely, Adarsha Pattana Souharda Sahakari Bank Niyamita, Bellad Bagewadi Urban Souharda Sahakari Bank Niyamita, Gaurdian Souharda Sahakari Bank Niyamita, Kempegowda Pattana Souharda Sahakari Bank Niyamita, Manvi Pattana Souharda Sahakari Bank Niyamita, Sadalaga Urban Souharda Sahakari Bank Niyamita, Sandur Pattana Souharda Sahakari Bank Ltd, Shushruthi Souharda Sahakara Bank Niyamita, Soubhagya Mahila Souharda Sahakari Bank Ltd, Sri Channabasavaswamy Souharda Sahakari Bank Niyamita, Sri Charan Souharda Co-operative Bank Ltd, Sri Seetha Raghava Souharda Sahakari Bank Niyamita, Srinidhi Souharda Sahakari Bank Niyamita, SUCO Souharda Sahakari Bank Ltd, Tavaragera Pattana Souharda Sahakari Bank Niyamita, The Merchants Souharda Sahakara Bank Niyamita, The Mulgund Urban Souharda Co-operative Bank Ltd, Vikas Souharda Co-operative Bank Ltd, Souharda Banks registered under this Act.

A. Origin of Manvi Pattana Souharda Sahakari Bank Niyamita

Manvi Pattana Souharda Sahakari Bank Niyamita (MPSSBN) was established in 1995. Under the Indian Banking Regulation Act the bank serves under Souharda Co-operative Act 1997. The bank has earned its status over the last decade as one of the leading under co-operative bank in the state with highest productivity per employee; this bank has modern interiors to create a customer-friendly ambience. Mr. Thimmaiah Shetty is the founder of the bank.

The bank offers a world-class infrastructure for its conduct their banking transactions this bank provides ATM (All Time Money), facilities for its customers and fixed deposit, varamahalaxmi deposit, senior citizen deposit, recurring deposit, gouri ganesha deposit, members family welfare recurring deposit and loans offered this banks to members, vehicle loan, over draft accounts loan, business loan, gold loan, mortgage loan, salary loan, pledge loan, ware house loan, receipt loan, small scale industry loan, Godown Construction Loan/Lift Irrigation Loan, housing loan and locker facilities and RTGS (Real Time Gross Settlement), NEFT (National Electronic Funds Transfer), E- Stamping

The bank is at present is functioning with numbers of 10 branch and around 10338 members. Gangavati, Hospet, Raichur, Karatagi, Lingasagur, Bellary, Koppal, Sirguppa, Hogri Bommanahalli. The Manvi Pattana Souharda Sahakari Bank Niyamita is one of the leading Souharda Co-operative Bank in Karnataka.

B. Objectives of the Study

The following are the objectives of the study:

1) To study the growth and performance of the Manvi Pattana Souharda Sahakari Bank Niyamita.

2) To suggest suitable solutions on the basis of the findings of the study

II. METHODOLOGY

The present study is based on secondary data. The required data collected from the annual Reports and Journals of Manvi pattana souharda sahakari bank niyamita. The data analysis carried out by using simple statistical technique like Mean, Standard Deviation and Co-efficient of Variation. The study covers a period of Five years (2012 to 2016).

Table: 1 Growth of Manvi Pattana Souharda Bank Niyamita from 2012 to 2016

(Rs. in lakhs)

Years	2012	2013	2014	2015	2016	Mean	SD	CV
No. of Membership	2313	2339	2630	3158	10338	4155.60	3472.75	83.50
AGR	-	1.12	12.44	20.08	227.36			
Share Capital	187.31	203.13	214.83	274.47	393.62	254.67	84.38	33.10
AGR	-	7.79	5.45	21.73	30.27			
Reserves	693.32	786.51	905.09	990.06	1067.91	888.58	151.06	17.00
AGR	-	11.85	13.10	8.58	7.29			
Deposits	2877.2	3256.17	4318.35	5843.09	15856.12	6430.19	5393.30	83.87
AGR	-----	11.64	24.60	26.09	63.15			

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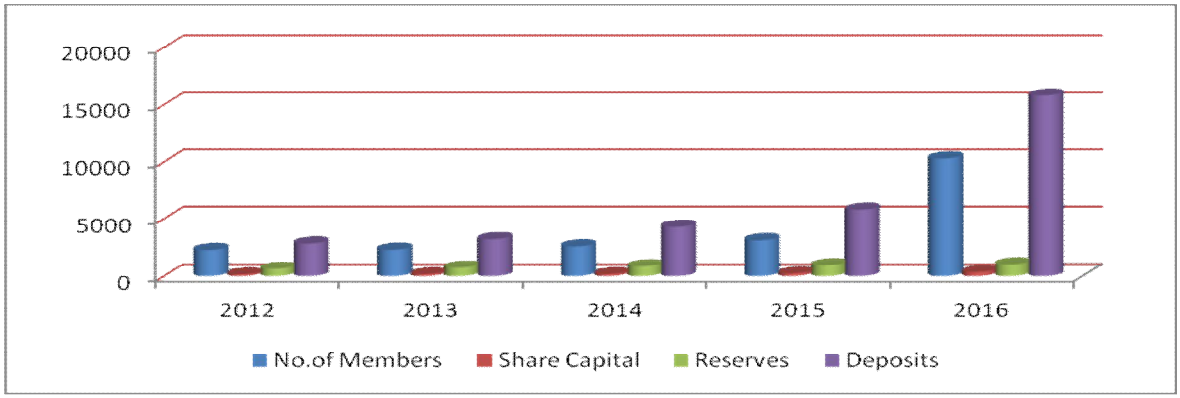
Source: Manvi Pattana Souharda Sahakari Bank Niyamita.
Note: Actual values in terms of lakhs values in brackets.

Graph: 1 Growth of Manvi Pattana Souharda Bank Niyamita from 2012 to 2016



The above table and graph shows the growth of MPSSBN in Karnataka during 2012 to 2016. It is clearly from the analysis that the number of membership was about 2313 lakh in 2012 which has increased to 10338 lakh in 2016. Share Capital is another important multiple of owned fund and every Souharda Co-operative Bank should make an attempt to improve share capital position in every year. The Share capital of this bank was about Rs. 187.31 lakh in 2012 which has increased to Rs.393.62 lakh in 2016. Reserve fund also another important component of owned fund and all Souharda Co-operative banks as per the Karnataka souharda co-operative act earmarks 25% statutory reserve apart from statutory reserves and makes other reserves includes building fund, education fund members death relief fund, staff welfare fund etc. During the 2012-16 the reserves of this bank was about Rs.693.32 lakh, which has increased to Rs.1067.91 lakh.

The Deposits mobilized by the banks may be classified as low cost deposit (Savings bank deposit, no cost deposit) Current deposit and high cost deposits are called term deposits in order to improve the profit and profitability. The deposit was about Rs.2877.20 lakh in 2012 which has increased to 15856.12 lakh in 2016.

Table: 2 Financial Progress of the Manvi Pattana Souharda Sahakari Bank Niyamita
(Rs. in lakhs)

Years	2012	2013	2014	2015	2016	Mean	SD	CV
Loans &Advances	2458.5	2589.36	2672.25	3709.77	10215.69	4329.11	3328.16	76.87
AGR	-----	5.05	3.10	27.97	63.69			
Investment	1168.43	1607.07	2359.76	2307.16	5431.17	2574.72	1672.66	64.96
AGR	-----	27.29	31.90	-2.28	57.52			
Net Profit	119.75	134.25	121.59	89.29	103.84	113.74	17.42	15.31
AGR	-----	10.80	-10.41	-36.17	14.01			
Working Capital	3904.63	4503.25	5590.44	7255.1	20774.39	8405.56	7030.70	83.64
AGR	-----	13.29	19.45	22.94	65.08			

Source: Manvi Pattana Souharda Sahakari Bank Niyamita.

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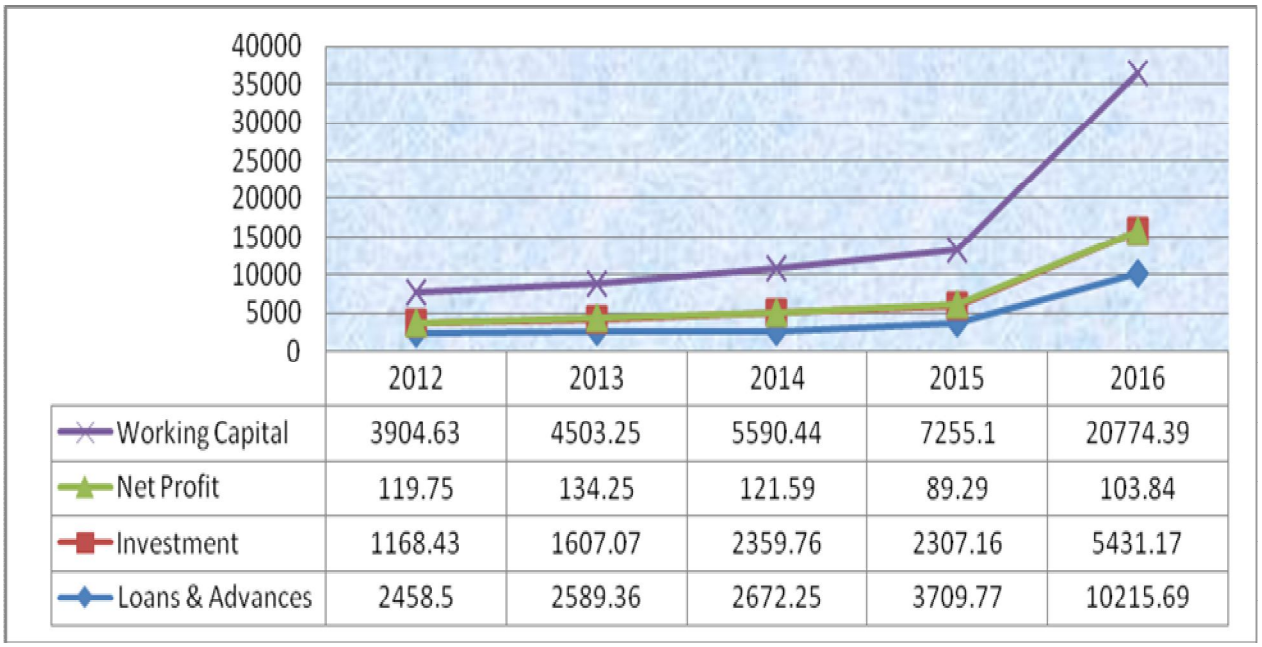
Note: Actual values in terms of lakhs values in brackets.

Graph 2: Growth of Manvi Pattana Souhardha Sahakari Bank



	2012	2013	2014	2015	2016
Working Capital	3904.63	4503.25	5590.44	7255.1	20774.39
Net Profit	119.75	134.25	121.59	89.29	103.84
Investment	1168.43	1607.07	2359.76	2307.16	5431.17
Loans & Advances	2458.5	2589.36	2672.25	3709.77	10215.69

The above table and graphs shows the growth of MPSSBN in Karnataka during the between 2012 to 2016. Loans and advances during 2012 to 2016. It is clear from the analysis that the loans and advances was about Rs.2458.50 lakh in 2012 has increased to Rs.10215.69 lakh in 2016. And Investment of this bank was Rs.1168.43 lakh in 2012 has increased to Rs. 5431.17 lakh in 2016. Net Profit is a yardstick to measure the managerial efficiency of the bank.

The bank is continuously earning net profit. Whereas a net profit of this bank was about Rs.119.75 lakh in 2012 has decreased to Rs.103.84 lakh in 2016. The working capital is considered as life blood of any organization, The Souharda Co-operative Banking sector is not an exception to this; the Souharda Co-operative Banks adopt different methods to determine the working capital. Growth trends of MPSSBN working capital during from 2012 to 2016 was about Rs.3904.63 lakh in 2012 which has increased to Rs.20774.39 lakh in 2016.

Table: 3 Progress of Dividend and Net N.P.A's the Manvi Pattana Souharda Sahakari Bank Niyamita (Rs. in lakhs)

Years	2012	2013	2014	2015	2016	Mean	SD	CV
Dividend	20%	21%	23%	17%	12%	19%	0.04	21%
AGR	-	4.76	8.70	-35.29	-41.67			
Net N.P.A	0.70 %	1.00%	0.00%	0.00%	0.00%	0.34%	0.005	1.47%
AGR	-	30	0	0	0			

Source: Manvi Pattana Souharda Sahakari Bank Niyamita.

Note: Actual values in terms of lakhs values in brackets

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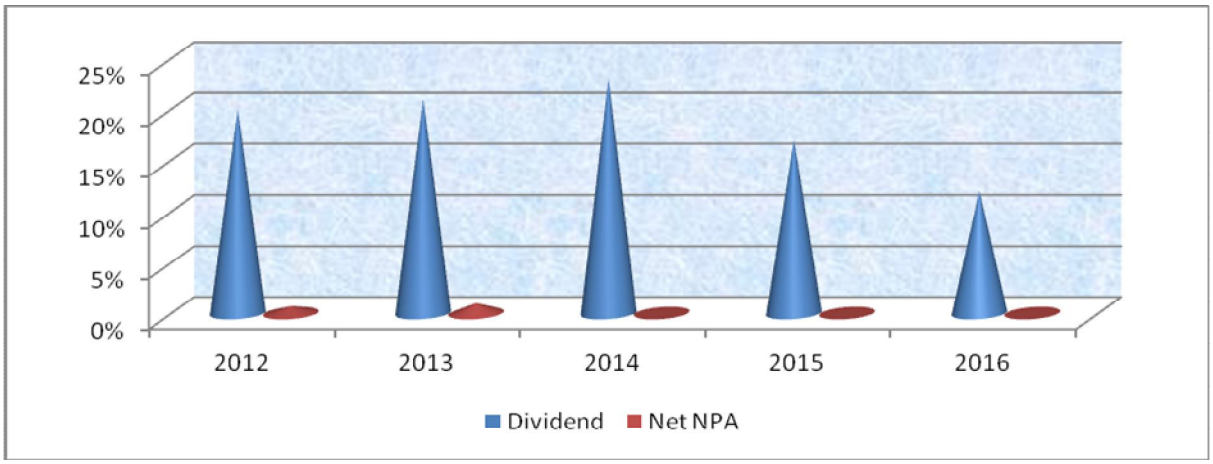
Graph: 3 Proportion of Dividend and Non-Performing Assets in MPSSBN



The above table and graph indicates that growth of MPSSBN in Karnataka during the between from 2012 to 2016. It is clear from the analysis that the dividend was about 20% in 2012 has decreased to 12 per cent lakh in 2016. Net NPA during 2012 to 2016. Was about 0.70% in 2012 has decreased to 0.00% to 2016.

III. FINDINGS OF THE STUDY

A. The Share capital shows the positive growth because of increase in Membership over the years.
B. The Reserves of MPSSBN has tremendously increased from 693.32 lakh to 1067.91 lakh during the study period. Because of huge Share capital and deposits.
C. The Deposits increased from 2877.2 lakh to 15856.12 lakh during the study period. Because the positive belief of customers towards bank.
D. Loans and Advances of the bank increased to 10215.69 from 2458.5 lakh during year 2016. Because five branches of the bank have started a new scheme to provide micro finance to women and backward classes people.
E. Among the five-year study period lowest percent of Annual Growth Rate of Net profit observed during the year 2015, because net profit is 121.59 lakhs in 2014 and it reduced to 89.29 lakhs in 2015.

IV. SUGGESTIONS

A. The effective steps may be taken to improve the Net Profit of Manvi Pattana Souharda Sahakari Bank Niyamita.
B. The bank should take essential steps to open No-frills account.
C. In order to increase investments, the bank should pay the dividend at regular intervals.
D. Bank should take necessary steps to recover the loans from customers, In order to reduce Non-Performing Assets in future.

V. CONCLUSION

The Manvi Pattana Souharda Sahakari Bank Niyamita Manvi, bank is one of the leading Souharda Co-operative Bank in Karnataka. MPSSBN in was the registered under Karnataka Souharda Act 1997. MPSSBN bank is continuously for five years during the period from 2012 to 2016. The No. of Membership and Share capital, Reserves, Investment and Working Capital held by the bank made steady progress. Souharda Banks plays major role in development of urban and semi urban areas and removes all kinds of restrictions that have come to clog the free functioning of this bank. It works on the basis of co-operative principal. Souharda Co-operative Banks as a sound and healthy network of jointly owned, democratically controlled and ethically managed banking institution providing needs based quality banking services, essentially to the middle and lower middle classes and marginalized sections of the society.

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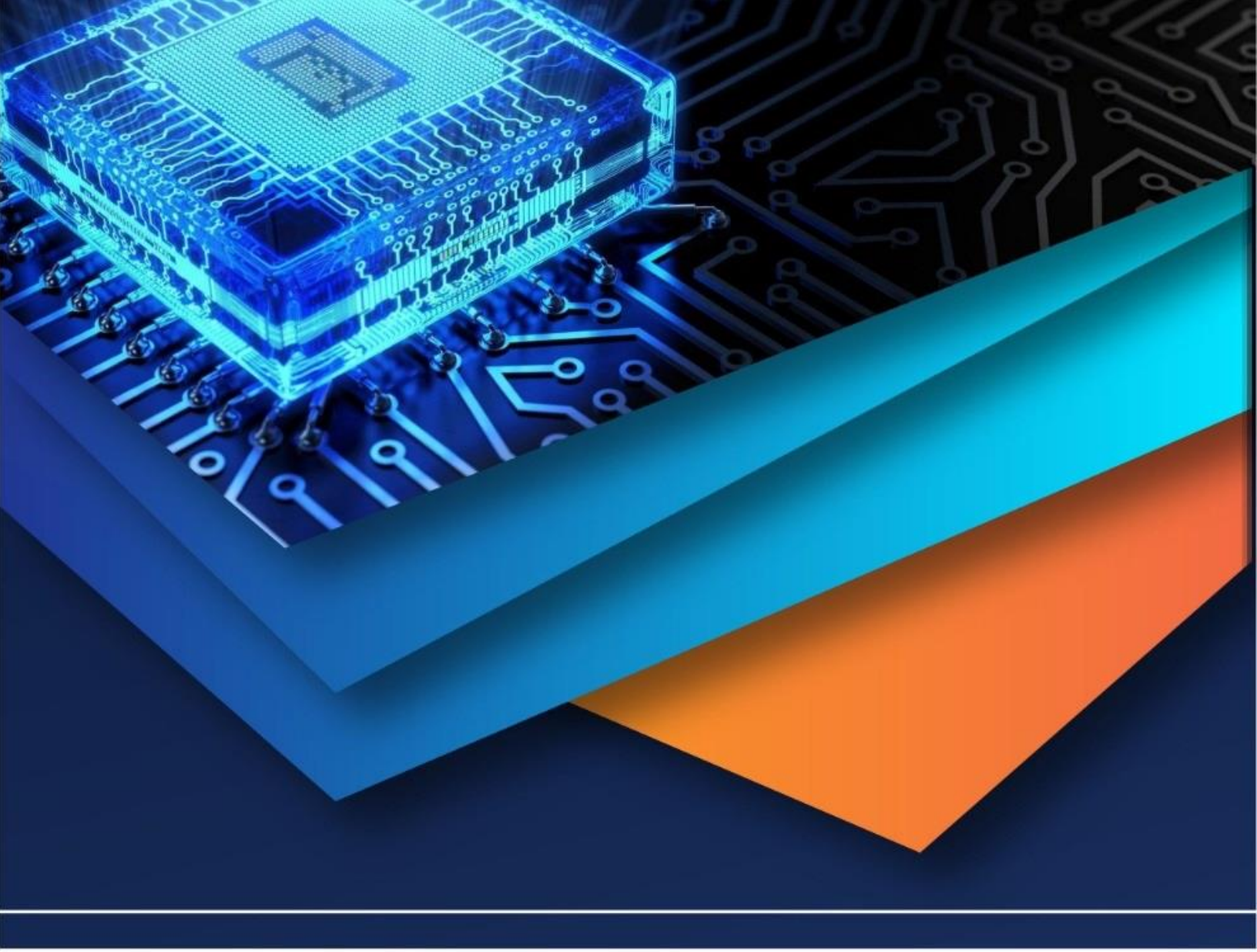

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