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# GROWTH AND PERFORMANCE OF CITIZEN CO-OPERATIVE BANK LTD: A CASE STUDY

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## Introduction:

If the banks are to be effective instruments of purveyors of credit towards rational growth with economic justice, they have to be economically strong and their operation therefore should continue to be viable. Economic viability is also essential for the survival of any business activity and the banking industry is no exception to this. There are cases with regard to financial health of banks and therefore within the ambit of financial sector reforms, the focus since the early 1990s has been on the viability, efficiency and competitiveness of banks including co-operative banks. Also as a consequence of economic reforms and mobilisation, different financial institutions have emerged in the market. This has not only created an increasingly dynamic and competitive banking environment, which calls for enhanced evaluation and analysis, but overall, has encouraged greater efficiency in banking services.

The banking system in India consists of commercial banks, cooperative banks and foreign banks, of which the former accounts for around 98% of banking system assets. Over the years, along with public and private sector banks, primary (urban) cooperative banks also have registered a significant growth in number, size and volume of business they handle. Recently the problems faced by a few large UCBs have highlighted some of the difficulties these banks face and policy endeavors are geared to consolidating and strengthening this sector and improving governance. The business of cooperative bank in the urban areas also has increased phenomenally in recent years due to the sharp increase in the number of primary co-operative banks. The number of banking offices in Goa also steadily increased many fold from a mere 5 in 1962, just after liberation, to 300 bank branches as on 31st March, 1988 after it gained Statehood and further to 547 bank branches as on March 31st, 2010. In the Cooperative Sector, in the year 2009-10, there were in all 11 banks operating in Goa State and having 132 branches. Out of these, Goa State Cooperative Bank Ltd. has the maximum number of branches (57) followed by Mapusa Urban Co-operative Bank Ltd. (24) and Goa Urban Co-operative Bank Ltd. (14).

## Objectives:

The study aims at the following:

1. To evaluate the growth in the membership, branches, deposits, advances, investment and owned capital of bank under study.
2. To evaluate the performance of banks under study in terms of its gross income and profitability.
3. To evaluate financial health of the bank under study is as per R.B.I guidelines from time
4. To know whether the bank under study maintains CRAR as per RBI Guidelines.

## Methodology:

Secondary data is collected from annual reports of citizen Co-operative Bank Ltd Vasco Goa. Besides books have been referred and websites dealing with research papers on performance evaluation of banks have been accessed.

## Analysis and Results:

Table 1: Members:

	Years								
Years	2005	2006	2007	2008	2009	2010	2011	2012	2013
Members	7278	7453	7607	7769	7963	8166	8601	9015	9356

Source: Annual Reports

Table 1 shows the increase in membership since 2005 till date. During the years under review 292 new members were enrolled and 117 members resigned from Banks membership. Bank also enrolled 197 nominal members in 2006. The number of shareholder members stood at 9356 as on 31<sup>st</sup> March 2013 and also enrolled additional 182 nominal members.

Table 2: Owned Funds:

Year	Owned Funds (In Lacs)	Year	Owned Funds ( in Lacs)
2005	351.68	2010	523.45
2006	370.02	2011	600.19
2007	404.2	2012	675.47
2008	431.47	2013	751.39
2009	472.71		

Source: Annual Reports

Owned funds of the Banks comprising of Paid up share capital and the free reserves have increased over the years

Table 3: Total Deposits:

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total deposit	2817.82	3327.49	4064.41	4859.35	6151.7	7608.87	9622.97	11311.65	12683.55

Source: Annual Reports

During the year the 2005-06, the bank recorded 18.1 % growth in deposits as compared to 3% in deposits in 2004-05. The bank recorded 12.13% growth in deposits during 2012-13 thus showing increase in aggregate deposits.

Table 4: Branch Deposits:

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vasco Da Gama	1575.75	1897.24	2144.09	2573.31	3243.8	4031.56	4933.6	5673.63	6559.36
AquemBaixo	307.51	339.71	408.76	518.26	682.89	854.26	1132.25	1339.63	1462.62
Canacona	201.44	236.38	241.49	248.52	248	254.92	356.27	322.19	356.4
Margao	582.05	661.11	733.89	918.82	1180.46	1577.85	2011.23	2385.67	2649.28
Panaji	151.07	193.05	536.18	600.44	796.54	865.86	920.64	1005.7	1044.32
Ponda						24.42	268.98	584.83	611.57

Source: Annual Reports

The table shows growth in the deposits generated by the branches in all years except Canacona branch which showed decrease (2009, 2012) over earlier year.

Table 5: Branch Advances

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vasco Da Gama	784.64	912.47	1026.93	1227.98	1578.09	1873.95	2317.22	2907.64	2988.28
AquemBaixo	76.18	95.51	105.02	120.85	240.50	348.28	330.96	345.90	316.04
Canacona	179.89	182.81	170.10	135.96	175.11	133.54	107.05	145.40	222.37
Margao	314.09	427.75	578.17	629.15	798.08	1057.41	1343.75	1463.70	1881.77
Panaji	292.87	316.72	352.04	607.22	793.05	758.41	733.12	1009.87	931.11
Ponda									
TOTAL	1647.67	1935.26	2232.26	2721.16	3584.83	4175.14	5169	6391.14	6967.35

Source: Annual Reports

Table 6: Total Advances

Year	Advances (in lacs)	Year	advances
2005	1647.67	2010	4175.14
2006	1935.26	2011	5169.00
2007	2232.26	2012	6391.14
2008	2721.16	2013	6967.35
2009	3584.83		

Source: Annual Reports

Advances registered a growth of 17.5% in 2006 over the earlier year and increased from Rs. 1647.67 lakh to 1935.26 lakhs. The bifurcation for the same period of total advances to priority sectors amounted to Rs. 1438.90 lakh and those to weaker sections amounted to Rs. 281.70 lakh i.e. 74.35% and 14.56% of total advances respectively.

Table 7: CD Ratio

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
CD Ratio	58.47%	58.16%	54.92%	56%	58.27%	54.87%	53.72%	56.50%	54.93%

Source: Annual Reports

There is no increase in the CD ratio over the period of years under the study. The CD ratio is v low in Goa compared to the other States of India.

Table 8: Investments

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Investmt	1300.7	1495.9	1881.03	2347.19	2675.29	3370.5	4362.6	4908.41	5581.28

Source: Annual Reports

Investments show progressive increase in the study period. As per the annual reports, the break- up of investment include investment in central government securities, state government securities, other co-operative banks etc. investments are also classified in accordance with the RBI guidelines applicable to Urban Co-operative Banks.

Table 9:Gross Income

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross income	306.67	331.56	385.82	474.25	644.14	765.18	899.9	1164.77	1380.4

Source:Annual Reports

Table 9a: Interest Received On Loans and Advances (Income)

Year	Interest Received On Loans &Advaces ` (In Lacs)	Year	Interest Received On Loans &Advaces ` (In Lacs)
2005	18769619	2010	52979276
2006	22750138	2011	58336459
2007	24536323	2012	79040759
2008	32082009	2013	96270151
2009	40672732		

Source: Annual Reports

Table 9b: Interest on investment

Year	Interest On Investment `(In Lacs)	Year	Interest On Investment `(In Lacs)
2005	8301382	2010	19807262
2006	8610745	2011	27794048
2007	11476323	2012	34620915
2008	12114117	2013	38835583
2009	17998071		

Source: Annual Reports

The Gross Income earned by the bank comprises of Interest received on loans and advances and Investments and other income. All the years under study recorded a growth in Gross income.

Table 10: Interest On Deposits (Expenditure)

2005	2006	2007	2008	2009	2010	2011	2012	2013
17855102	18301372	21926358	29265744	40283481	51199330	62889308	79245724	96665812

Source: Annual Reports

Interest Expenditure increased from Rs .178.55 lac to Rs.966.66 lac in 2012-13, which recorded a growth over the base year.

Table 11:Net Profit after Tax

YEARS	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Profit	1226688	1848372	1427074	2747670	5313507	3130344	1905574	3666510	7823231

Source: Annual Reports

The bank has performed well year after l as far as its net profits are concerned. The year 2013 showed a increase of 78,23 lac.

Table 13: Age Wise Classification Of Dues:

	2005	2006	2007	2008	2009	2010	2011	2012	2013
over dues for less than 1 the year	32.31	72.59	33.24	29.66	72.42	17.73	30.29	18.79	193.54

1 year upto less than 3 years	10.89	18.91	27.11	29.59	41.39	8.51	25.16	3.41	6.86
3 year upto 5 years	53.09	60.68	40.28	18.06	14.59	15.71	4.79	24.98	52.82
more than 5 years	31.8	20.81	27.8	50.84	24.55	83.93	70.91	76.92	68.77

Source: Annual Reports

The table shows age wise classification of over dues as required by RBI and has been showing increasing and decreasing trend. There are over dues not only on account of priority sector but also hypothecation.

Table 14: CRAR

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
CRAR	18.31%	16.56%	15.20%	13.81%	12.91%	12.03%	11.70%	12.21%	12.29%

Source: Annual Reports

The stipulated CRAR as per RBI guidelines is 9%. The period under study for this bank shows CRAR much higher than the stipulated requirement.

### Discussion:

The Citizen Co-operative Bank Ltd., Goa was promoted in the year 1984 by the leader of masses. The bank's growth was hindered by various restrictions imposed by regulators in the matter of area of operation, opening of Branches, etc. It successfully faced all the challenges and is standing tall with its area of operation extended to the entire State of Goa. Managed by highly dedicated team of well qualified, experienced Directors and actively supported by qualified and enthusiastic Officers and Staff, the Bank is marching forward to reach new heights.

The study highlights the following:

1. There is increase in the total membership of the Citizen Co-operative Bank over the years under the study. The study period shows enrollment of new members every year, resignation of some and also entry of nominal members.
2. Over the years, there has been branch expansion in other cities of State of Goa including starting of new branches, which has enabled the bank to serve more customers. With the opening of Panaji Branch this bank has become a member of All Goa Clearing House and is in position to provide faster remittance /collection facility to account holders.
3. The period under study also shows increase in Owned Funds over the years from 351.68 lakhs in 2005 to 751.39 lacs in 2013 i.e. more than double during the study period.
4. The study period shows that there is growth in deposits from the base year to 2013. The deposits increased from 2817.82 lakh in 2005 to 12683.55 lakhs in 2013 which is approximately increased six fold. This may also be contributed to the branch expansion. But the closure of mining activities created problem for all the banks in Goa particularly Canacona Branch affecting growth of deposits. Branch expansion also has resulted in more deposits. The study shows growth in the deposits generated by the branches in all years except Canacona branch which showed decrease (2009, 2012) over earlier year.
5. Advances registered a growth of 17.5% in 2006 over the earlier year and increased from Rs. 1647.67 lakh to 1935.26 lakhs. The bifurcation for the same period of total advances to priority sectors amounted to Rs. 1438.90 lakh and those to weaker sections amounted to Rs. 281.70 lakh i.e. 74.35% and 14.56% of total advances respectively. Advances registered a growth of 9.02 % in 2013 over the earlier year.
6. There is no increase in the CD ratio over the period of years under the study. The Board of Directors has been closely monitoring the position of deposits and advances. Accordingly new loan schemes have been formulated for profitable deployment of funds. Industry rates on deposits and advances have been tuned with the industry level.
7. The stipulated CRAR as per RBI guidelines is 9%. The period under study for this bank shows CRAR much higher than the stipulated requirement.
8. The Gross Income earned by the bank comprises of Interest received on loans and advances and Investments. All the years under study recorded a growth in Gross income.
9. The Bank adheres to the prudential norms on income recognition, asset classification, and have built up additional reserve for NPAs.

## Conclusion:

The bank under study has completed Thirty years of successful banking and reached heights of growth in its business expansion. The bank has brought innovation in its services by networking of its branches, and by offering ATM facility and SMS banking. The bank functions as per norms stipulated by RBI as per banking sector reforms for improving the health of the bank under study. The bank in spite of all challenges has achieved growth in all parameters and performed well with the support of its members, dedicated, well qualified employees and the Board of Directors and the Executive Committee.

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