

FINANCIAL ANALYSIS OF TJSB SAHAKARI BANK LTD., THANE IN THANE DISTRICT OF MAHARASHATRA

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ABSTRACT: *The present paper is an attempt to examine Financial data of TJSB Sahakari Bank Ltd. Thane, in Thane District of Maharashtra State. TJSB is predominantly established by professionals & academicians and it is properly managed by professionals & business community. The objectives of the study is to analyze Reserve Fund, Deposits, Properties and Assets, Loans and Advances, Income & Expenditure of the TJSB , for this purpose primary data have been collected with the help of contact with officials, managers and directors of bank and the secondary data have been obtained from Annual Reports of five co-operative (financial) years i.e. 2011-12 to 2015-16. The Importance behind collection and analysis of data for Reserve Fund, Deposits, Assets, Loans and Advances, Income & Expenditure of the TJSB is to analyze efficiency, financial stability as well as profitability of Bank. Urban Cooperative banking sector can prosper and flourish by adopting the prudent corporate governance practices evolved and developed in banking industry from time to time by introducing effective financial management. Bank should equally distribute their deposits with the nationalized banks to reduce uncertainty of stability of Private and Cooperative banks. Bank should avoid to give the loans to Zombie Companies & Shell Companies which are paying only interest instead of regular repayment of their loans. The Bank should try to clean its Balance sheet in the sense of improving the financial liquidity of the assets.*

KEYWORD : *TJSB Sahakari Bank Ltd. , Urban Co-operative Bank , Zombie Companies, Shell Companies, Clean Balance sheet.*

1. INTRODUCTION

With the modest beginning in 1972 in the co-operative field, the dynamism infused by the Board of Directors, unflinching loyalties clientele and devotion of the staff have propelled the sound foundation of The TJSB Sahakari Bank Ltd (TJSB), which has emerged the leading multi-state scheduled co-operative Bank in the country.

TJSB presently is catering to the needs of society through a close network of 135 branches spread all over the cities of Maharashtra, Goa, Gujarat, Karnataka, & Madhya Pradesh. All these branches have made remarkable progress on all fronts in all these years. TJSB believes that “ Customer delight ” is the ultimate goal and has a strong belief that customers and all stakeholders wholehearted support, absolute faith and their patronage has largely been responsible for its enviable growth. TJSB is committed to provide banking with speed, comfort and convenience.

TJSB feels proud to acknowledge the growth of a large number of successful industrialists, traders and professionals who have frown leaps & bound due to timely assistance and support of the Bank.

TJSB, a Techno-savvy bank has implemented successfully the Core Banking Solution (CBS). This has helped the Bank to migrate the Branches from being the processing Centers for marketing customer centric outfits. It will also extend the Bank to reach to its customers by multiple delivery channels such as ATM, Internet, and Mobile etc. This has brought the Bank at par with the leading banks. TJSB is the first Bank in the country to introduce Automated Cheque Issuance Machine which enables Customers to take Personalized Cheque Book 24 X7.

In anticipation of above consideration it becomes necessary to know about banks operation level and utilization capacity in real sense. Hence data collection is made and accordingly some research activity is executed.

2. COLLECTION OF DATA & ANALYSIS:

The data collection for the research paper is based on annual reports of TJSB Sahakari Bank Ltd. for the financial year 2011-12 to 2015-16. Based on the financial statements an attempt is made to evaluate the mean of Assets, Properties , liabilities , Income , Expenditure & Non-Performing Assets for the relevant financial years and based on the mean of all the above items percentage of allocation is calculated . Following are various analysis on the basis of data available from annual reports of

TJSB bank.

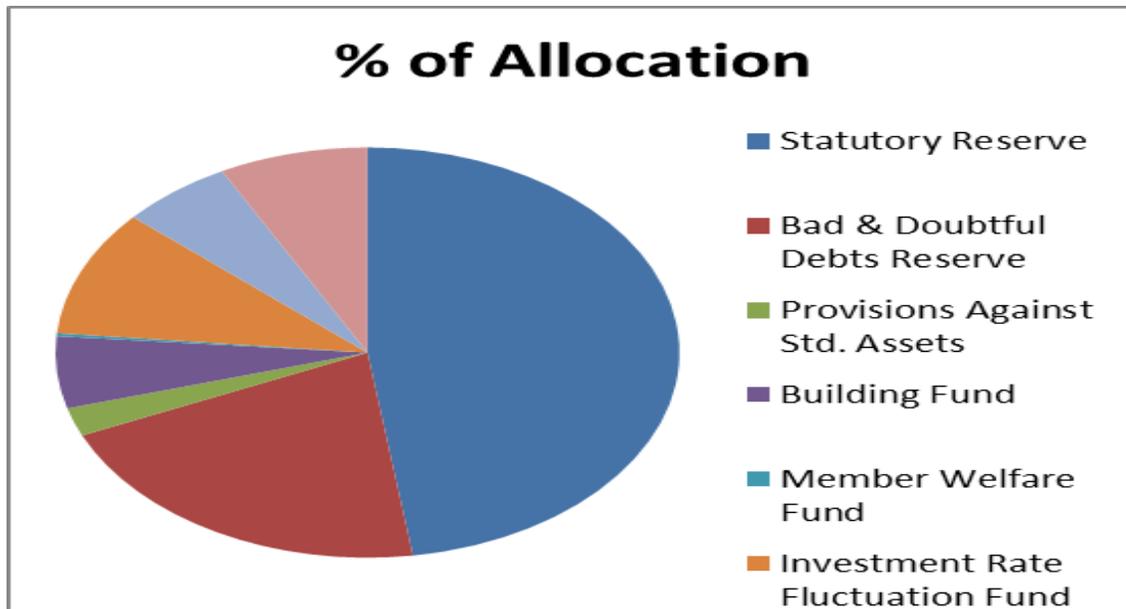
2.1 DATA ANALYSIS OF RESERVE FUND ALLOCATION

Table No. 1: Statement Showing Reserve fund of TJSB (Rs. in Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	Mean	% of Allocations	
Statutory Reserve	20,214	22,135	25,918	28,498	29,650	25,283	45	
Bad & Doubtful Debts Reserve	8,776	11,287	12,044	15,630	17,596	13,067	23	
Provisions Against Std. Assets	950	1,250	1,400	1,630	1,804	1,407	2	
Building Fund	2,400	2,400	2,400	2,400	2,400	2,400	4	
Member Welfare Fund	103	107	96	81	67	91	0	
Investment Rate Fluctuation Fund	4,224	5,224	5,874	5,962	5,962	5,450	10	
General Reserve Fund	2,460	2,657	3,348	3,494	3,499	3,092	5	
Other Fund	3,273	4,365	5,705	7,093	7,809	5,649	10	
						TOTAL	56,438	100.00

(Source: Annual Report 2011-2012 to 2015-16)

The above table depicts the % of allocation reserve fund of TJSB Sahakari Bank Ltd.. It is seen that approx. 45% of reserve fund is allocated to Statutory Reserve. Contribution to Bad & Doubtful Debts Reserve is approx. 23% of the total reserve fund. Building fund accounts for 4% approx. of total reserve fund. Provision against standard assets is approx.2%, Investment Rate Fluctuations Fund accounts for approx.10% of our Total Reserve whereas balance Contribution of Reserve approx. 16% consists of General Reserve , Member Welfare Fund & Other fund. This allocation of Reserve Fund is more clearly explained with the help of following Pie chart/Diagram.



(Indicator of %of allocation of Reserve Fund)

2.2 DATA ANALYSIS OF DEPOSITS RECEIVED

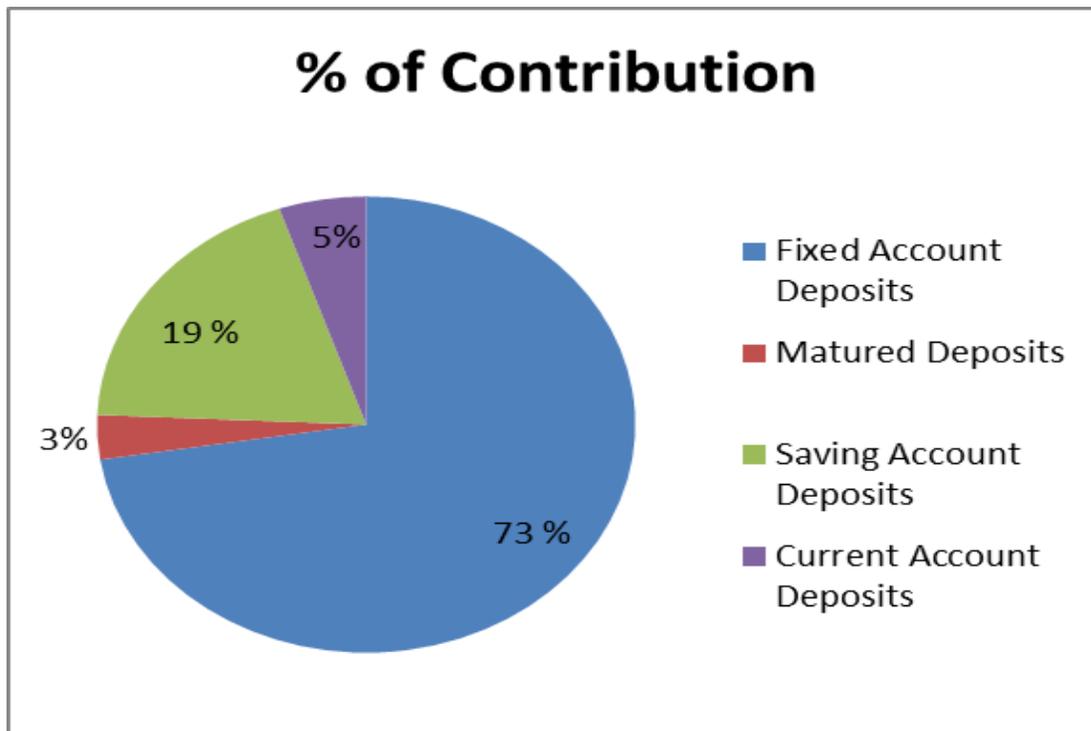
Table No.2: Statement Showing Deposits received by TJSB. (Rs. in Lakhs)

Particulars of Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	Mean	% of Contributions
Fixed Account Deposits	308,638	383,744	441,933	526,030	599,281	451,925	73
Matured Deposits	8,027	14,776	25,309	25,773	23,816	19,540	3
Saving Account Deposits	91,705	103,492	120,530	130,958	148,046	118,946	19
Current Account Deposits	26,127	28,804	31,629	35,277	41,062	32,580	5
						622,991	100
					TOTAL		

(Source: Annual Report 2011-2012 to 2015-16)

Researcher have studied deposits of TJSB Sahakari Bank Ltd.. It includes fixed deposits, saving deposit, current deposit & matured deposits. The average of Fixed Deposits for the last five years is Rs.451,925 lakhs, for saving deposits it is Rs.118,946 lakhs, for Maturity deposits it is Rs.19,540 lakhs and that of Current Deposits it is Rs.32,580 lakhs.

It is observed that Fixed deposit contribution is high i.e. approx.73%, whereas for Saving deposit it is approx.19% and that of Current deposit it is approx.5% & Maturity deposit approx.. 3% of the total deposits received. On the above observation it appears that customers are more comfortable with fixed deposits whereas second priority is given for Saving deposits. Whereas people are not interested for current account deposits as it may be mainly operated by business community at large.



(Indicator of Mean for allocation of deposits)

2.3 DATA ANALYSIS OF PROPERTIES AND ASSETS

Table No.3: Statement showing Assets and Properties of TJSB (Rs. In Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	Mean	% of allocations
[A] CASH & BANK BALANCE WITH							
Cash in Hand	2,115	2,752	3,151	4,825	5,047	3,578	1.1
Reserve Bank of India	21,910	26,921	28,433	35,768	33,218	29,250	9.0
State Bank of India	879	1,104	850	1,850	3,035	1,543	0.5
State Co-operative Bank	0	0	0	0	1	0	0.0

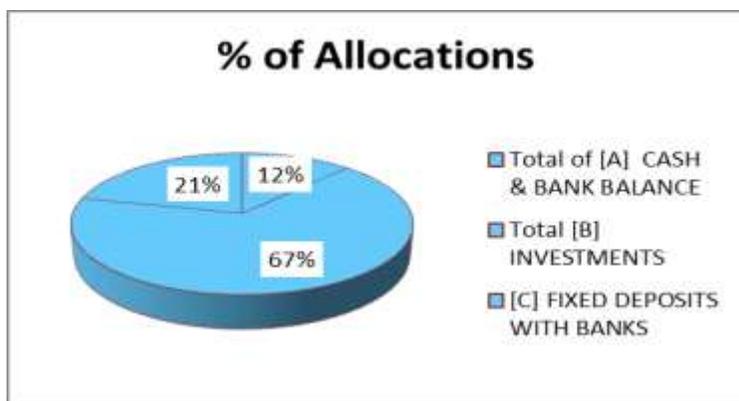
District Central Co-op Bank	0	0	0	0	0	0	0.0
Other Banks	814	1,820	2,643	4,267	3,967	2,702	0.8
Banks abroad	880	2,792	2,976	2,641	2,127	2,283	0.7
Total of [A] CASH & BANK BALANCE	26,597	35,389	38,054	49,352	47,395	39,357	12.1
[B] INVESTMENTS						-	
Government Securities	136,693	155,658	204,573	220,538	249,933	193,479	59.5
Shares of Cooperative Banks	45	45	45	45	45	45	0.0
Bonds & NCDs	25,520	25,620	21,770	17,520	15,520	21,190	6.5
Mutual Funds	-	700	400	400	400	380	0.1
Other Investments	-	-	-	-	6,640	1,328	0.4
Total [B] INVESTMENTS	162,257	182,022	226,787	238,502	272,538	216,421	66.5
[C] FIXED DEPOSITS WITH BANKS	51,049	44,420	48,518	89,286	114,968	69,648	21.4
					TOTAL	325,427	100.0

(Source: Annual Report FY 2011-2012 to 2015-16)

Assets and properties of TJSB Sahakari Bank Ltd. are divided into three parts namely -:

- Cash & Bank Balances with various banks
- Investments in Government Securities, Shares of Co-op. Banks and Bonds of various institutions.
- Fixed Deposits with other Banks

It is seen that cash deposits are approx.12% whereas Investment in Government Securities are approx.67% and Investment in fixed Deposits with other Bankers are 21%. The above structure of investment in assets and properties indicate that more investments are in Government securities and deposits with various banks, whereas only approximately 21% of the total investments are in remaining portfolios.



(Indicator of Mean of Investment in Properties & Assets)

2.4 DATA ANALYSIS OF LOANS & ADVANCES

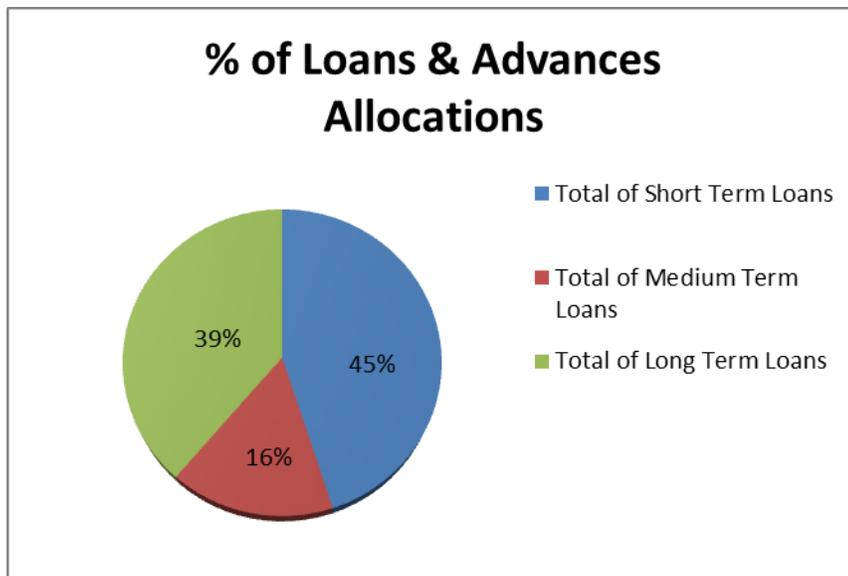
Table No.4 : Loans and Advances of TJSB

(Rs. in Lakhs)

Loans and Advances	2011-12	2012-13	2013-14	2014-15	2015-16	Mean	% of Loans & Advances allocations
Short Term Loans							
Secured	108,409	155,407	180,343	195,505	215,403	171,014	44.3
Unsecured	1,470	1,701	1,829	2,407	5,662	2,614	0.7
Total of Short Term Loans	109,879	157,108	182,172	197,913	221,065	173,627	45.0
Medium Term Loans						-	
Secured	44,858	51,075	61,825	56,986	58,210	54,591	14.2
Unsecured	1,919	2,546	7,031	13,029	15,296	7,964	2.1
Total of Medium Term Loans	46,777	53,622	68,857	70,015	73,506	62,555	16.2
Long Term Loans						-	
Secured	106,349	128,381	155,124	170,821	179,154	147,966	38.4
Unsecured	1,014	966	1,249	2,098	1,955	1,456	0.4
Total of Long Term Loans	107,362	129,347	156,373	172,919	181,109	149,422	38.8
						-	
Grand Total(Total Loans)	264,018	340,077	407,401	440,847	475,680	385,605	100.0

(Source: Annual Report FY 2011-2012 to 2015-16)

The above table depicts loans and advances given by of TJSB Sahakari Bank Ltd.. The average loans and advances for last five years indicate that average advancing of medium term loan is less than that of long term loans and short term loans. The composition of advancing of loan shows that maximum loans are advanced against securities. In the case of long term loans & short term loans almost are secured loans.



(Indicator of Mean of allocation of Loans & Advances given by the bank)

2.5 DATA ANALYSIS OF EXPENDITURE

Table No.5 : Statement of Expenditure of TJSB

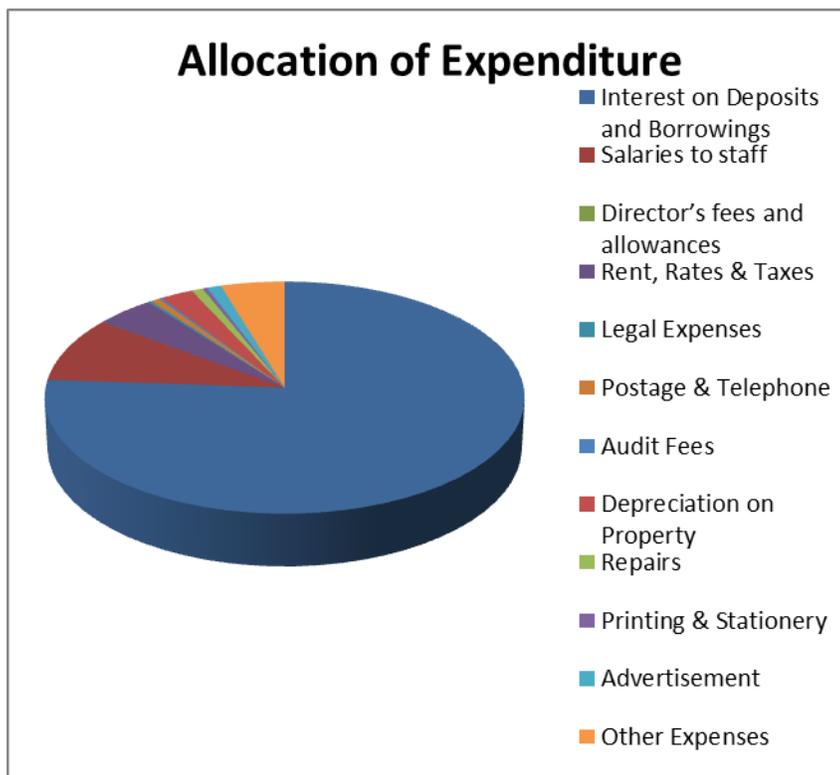
(Rs. in Lakhs.)

Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	Mean	Allocation of Expenditure
Interest on Deposits and Borrowings	29,059	38,708	45,383	54,914	60,506	45,714	76.1
Salaries to staff	3,168	5,170	4,975	6,153	7,923	5,478	9.1
Director's fees and allowances	2	0	7	8	15	6	0.0
Rent, Rates & Taxes	1,861	2,056	2,348	3,163	3,625	2,611	4.3
Legal Expenses	77	132	145	229	200	157	0.3
Postage & Telephone	216	348	350	486	502	380	0.6
Audit Fees							

	90	103	149	169	194	141	0.2
Depreciation on Property	1,177	1,446	1,517	1,603	1,510	1,451	2.4
Repairs	330	544	549	555	534	502	0.8
Printing & Stationery	115	189	221	215	275	203	0.3
Advertisement	385	611	651	665	819	626	1.0
Other Expenses	1,444	2,169	2,419	2,404	5,598	2,807	4.7
					Total	60,075	100.0

(Source: Annual Report 2011-2012 to 2015-16)

The above table shows the composition of average expenditure of TJSB Sahakari Bank Ltd. which indicates that major allocation of the expenditure is towards interest on deposits and borrowings which is 76% & that of employees' expenditure (i.e. salary) is 9%. The remaining expenses are approximately 15% of the total expenditure.



(Indicator of mean of Expenditure)

2.6 DATA ANALYSIS OF INCOME :

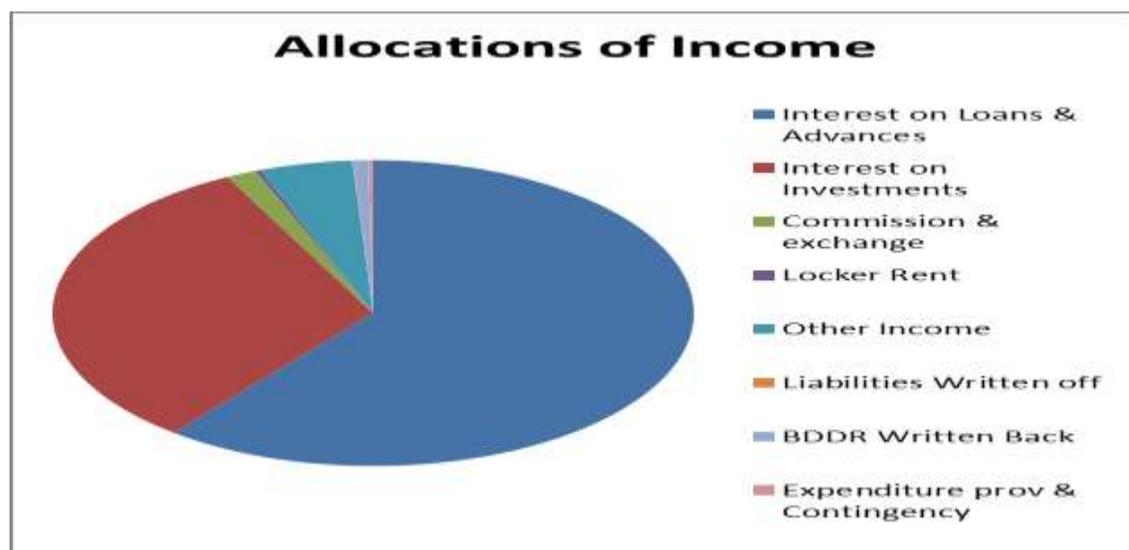
Table No.6 Statement Showing Income of TJSB

(Rs. In Lakhs)

Income	2011-12	2012-13	2013-14	2014-15	2015-16	Mean	Allocations of Income
Interest on Loans & Advances	28,665	38,370	46,542	54,186	55,135	44,580	60.7
Interest on Investments	16,672	19,718	21,803	27,363	31,199	23,351	31.8
Commission & exchange	924	1,106	1,278	1,180	1,109	1,120	1.5
Locker Rent	143	158	164	247	268	196	0.3
Other Income	1,729	2,541	3,525	3,777	5,597	3,434	4.7
Liabilities Written off	130	5	-	-	-	27	0.0
BDDR Written Back	142	10	42	15	2,614	564	0.8
Expenditure prov & Contingency	-	868	-	-	-	174	0.2
					TOTAL	73,445	100

(Source: Annual Report 2011-2012 to 2015-16)

The above table depicts income of TJSB Sahakari Bank Ltd.. It is seen that income from Interest on Loans & Advances is approximately 93% of total income and remaining other receipts contribute hardly 7% of the total Income. Showing below allocations of income in chart.



(Indicator of mean of Income)

3 STATISTICAL ANALYSIS OF FINANCIAL DATA FOR FY 2011-12 TO FY 2015-16 .

Table No.7 (Rs.in Lakhs)

Sr.No.	Particulars	Mean
1.	Mean of Reserve Fund	56438
2.	Mean of Deposits	622991
3.	Mean of Property & Assets	325427
4.	Mean of Loans & Advances	385605
5.	Mean of Expenditure	60075
6.	Mean of Income	73445

(Source: Compiled & computed by the Researcher)

Table No.7 displays the means of Reserve Fund, Deposits, Assets & Properties , Loans & Advances and Income & expenditure.

4 DATA ANALYSIS OF NON PERFORMING ASSETS (NPA):

Table No.8 Statement Showing NPA of TJSB (Rs. In Lakhs)

Particulars of NPA	2011-12	2012-13	2013-14	2014-15	2015-16	Mean
Gross NPA	6,953	11,280	14,592	17,723	22,510	14,612
Net NPA	-	-	1,573	-	859	347

The above table indicates that Gross NPA for FY 2011-12 was Rs.6,953 lakhs which increased marginally to Rs.22,510 lakhs during the FY 2015-16. Further to state that during 2011-12 & 2012-13 there was no Net NPA whereas during 2013-14 it is Rs. 1573 lakhs and during 2015-16 Net NPA Rs.859 lakhs. It indicates that bank is still suffering problem of Net NPA for which bank has to take necessary steps to control NPA.

5 SUGGESTIONS

5.1 The study suggests that bank should increase its business activities for the small-medium and large business houses.

5.2 Bank should strengthen financial position by increasing its authorized capital

5.3 Bank should adopt core-banking systems for the public at large.

5.4 Bank should strengthen information technology systems in all activities.

5.5 In the present Scenario Urban Cooperative Bank shall also focused on Corporate Social Responsibility as it has gained more importance considering the social issues and other

problems playing economy.

plaguing economy.

- 5.6 Bank should invest its fund in the metals like, gold, silver, and platinum, copper.
- 5.7 Bank should develop new deposit schemes for the house wife's like pension fund.
- 5.8 Bank should increase medium term loans rather than concentrating on long term & short term loans.
- 5.9 There shall be clear assignment of responsibilities and decision making authority from individuals, committees and the board of directors.
- 5.10 Bank should avoid to give the loans to Zombie Companies, Shell Companies which are paying only interest instead of regular repayment of their loans.
- 5.11 The Bank should try to clean its Balance sheet in the sense of improving the financial liquidity of the assets.

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