



A STUDY ON THE EFFECTIVENESS OF FUND MANAGEMENT AT UCB'S IN SHIMOGA DISTRICT

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ABSTRACT

In India, cooperative banks have become a critical component of the country's economic prosperity. Since their inception, they have achieved a number of milestones, including assisting a typical rural Indian in becoming empowered and protected. The ideology of equality, equal health, and equity has given way to a focus on self-sufficiency and self-government, resulting in the formation of cooperatives.

In India, cooperative banks have existed for than a century. The Agriculture Credit Cooperatives Act of 1904 gave birth to these banks. According to the role allocated to cooperatives, the expectations that cooperatives are expected to meet, their number, and the number of offices that cooperative banks run, cooperative banks are an essential component of the Indian financial system.

The RBI regulates the cooperative bank as well. The Banking Regulation Act of 1949 and the Banking Laws (Cooperative Societies) Act of 1965 govern them. Despite the fact that the cooperative movement began in the West, the prominence that cooperative banks have gained in India is rarely matched anywhere else in the world. In India, cooperative banks continue to play an essential role in rural finance. The number of primary cooperative banks has expanded dramatically in recent years, resulting in a tremendous surge in cooperative bank business in metropolitan areas.

INTRODUCTION

These banks primarily serve rural communities, particularly the agricultural sector. They raise funds and provide agricultural and rural finance to a broader audience. They are the farmers' primary source of institutional credit. Non-agricultural co-operative banks exist as well, though they play a minor role. Cooperative banks make up a significant part of the Indian banking system, although being much smaller than commercial banks. They have a large branch network that allows them to reach out to folks in rural locations. They have always played a key role in instilling good habits in low- and middle income people as well as enhancing the rural credit delivery system. Cooperative banks are primarily responsible for breaking moneylenders' monopoly on providing credit to farmers. They've also played a key role in a variety of development initiatives, including poor-targeted subsidy programmers.

**LITERATURE REVIEW**

Serial No	Title	Study Outcome	Reference
1	A Study on Fund Management in Indian Bank	Resource Liability Management is one of the imperative apparatus for hazard the board in banks. The banks need to work appropriately concerning the Asset Liability Management in order to expand their exhibition.	Dr. K Prince Paul Antony & J Manimegalai 2018
2	Fund Management in Banks – A Comparative Study on Gap Analysis of SCBs in India	This paper is an endeavor to investigate the effect of measures and vital banks attempted to deal with the sythesis of resource risk and its effect on their presentation all in all and benefit specifically. This paper utilized Gap Analysis apparatuses	Dr. S. Mathivannan 2017
3	An Analysis of assets-Liability Management in Banking : A case study of Yes Bank	The finding from the examination uncovered that banks have been presented to liquidity hazard. The examination likewise demonstrated that HDFC bank and ICICI bank have better ALM structure by and by.	Dr. D. V. Ingle 2018
4	Fund Management of Selected Commercial Banks in India	This paper inspects the administration of resource obligation in financial area. The primary goal of the examination is to introduce the ideal blend of resource and responsibility of chose business banks	Nimisha Agrawal 2018
5	A Study of the Impact of Asset-Liability Management on the Profitability of banks in India	Resource and Liability the board worried about the essential administration of resources and risk. There is a significant writing survey analyzing resource and risk the board in banks	Mihir Dash 2017
6	Assessment of Banks Fund Management : Problems and Perspectives	The concept of timing in ALM is a key since supervisors need to know at what time the risk will be paid and to guarantee about accessibility of resources for pay this obligation.	Ezouine Driss 2017
7	Economy impact on commercial Banking assets and liabilities	This paper Analysis of relationship co-productive. This examination endeavors to discover conduct of the keep money concerning their capital sufficiency proportion investigation	Beemarthi Dasharth Jadhav Pooja 2018
8	Multi-Objective Programming for Fund Management	This paper examines accounting report and pay proclamation to establish a design for estimating every resource's danger. The creator utilizes the strategy for various target programming to tackle the issue	Hooman Abdollahi 2018
9	FUNDS MANAGEMENT IN THE CENTRAL COOPERATIVE BANKS OF PUNJAB— AN ANALYSIS OF FINANCIAL MARGIN	A high use of own funds and timely recovery of previous loans, as a source for funding further loans by the bank, help the financial margin in a positive way.	Fulbag Singh Balwinder Singh 2017
10	Urban Cooperative Banks: A Case Study of Karnataka	The future of UCBs is challenging but due to the new trend in cooperative banks in terms of funding activity will sure increase the productivity and profit.	Arun V. Kumar 2015



STATEMENT OF THE PROBLEM

Today's banking has a good opportunity and it is one of the essential part of the society. The NPA of the bank is increasing because of miss management of its funds, to reduce the NPA and increase the profit, the one of the risk management technique is asset liability management. The banks in India are not performing well and they are frauded by its employees only. The cooperative banks in India are the best medium to transfer finance to small customers and poor section of the society. But there is a huge gap in the bank and rural customer.

NEED FOR THE STUDY

- Today's market is so competitive that it's important to see its present performance of the bank. This study helps the bank in managing its assets and liabilities and increase its profit
- This study helps the bank in allocating its resources and how to increase profit

OBJECTIVES OF THE STUDY

- To examine the concept of Fund management of the UCB's in Shimoga district.
- To analyze the impact of Fund management and its efficiency on profitability of bank.
- To estimate the future cash flows for these banks to understand their growth prospectus.

RESEARCH METHODOLOGY

Research designs the method used in this study is analytical in nature since the data collected are past data and a formulas and equations are used to draw a conclusion. Some statistical tools are used to draw a conclusion. The information gathered from company yearly report, magazines websites for the analysis. The data required for analysis is collected from company manuals, brochures, annual reports which will contain balance sheets and profit and loss account with detailed schedules of every component mentioned in them.

DATA ANALYSIS AND INTERPRETATION

Ratio Analysis

The Performance of Profit And Loss Account Ratio of UCB's (In crores)

Year	Return on Equity	Net Profit Margin	Return On Assets
2018	12.89	6.94	0.6623
2019	11.06	7.07	0.6861
2020	11.68	9.23	0.7283
2021	14.28	11.24	0.8878
2022	14.36	11.20	0.8978
Total	64.27	45.68	3.8623

ROE increased 12.89% in 2018 to 14.36% in 2022. It indicates the bank efficient usage of investors' funds. Net profit margin ratio also increased overall 45.68% it means. It means it has become more effective at converting revenue into actual profit. The overall ROA was recorded 3.86% The increasing trend of this ratio would show that the bank's asset use for the profit generation is reasonable. Graph showing up to the year 2022 the net profit margin has good growth. The bank so City co-operative bank better performs in terms of profitability.

2. Credit Deposit Ratio

CDR=Total loans and Advance/Deposits

Year	Loans and Advance	Deposits	Credit Deposits Ratio
2018	35,06,63,385.25	65,12,32,340.54	.538
2019	33,14,62,302.25	68,65,01,350.08	.482
2020	33,28,59,032.90	66,75,11,845.98	.498
2021	42,52,47,767.15	70,30,58,449.91	.604
2022	50,31,84,995.90	74,33,39,695.04	.676

The loan to deposit ratio for city cooperative bank is decreased from 2018 to 2019. Then increased In 2020 to in 2022. It indicates the value of loan to deposit ratio is more in 2021-22 because the society provided more loan to its customer.



3. Debt Equity Ratio

DER=Total Liabilities/Total Shareholders Equity

Year	Total liabilities	Total Shareholders equity	Debt Equity Ratio
2018	91,53,94,211.34	4,70,20,989.00	19.467
2019	93,67,67,688.70	5,81,07,289.00	16.121
2020	95,07,38,777.22	5,92,42,079.66	16.048
2021	99,77,93,167.00	6,20,30,105.25	16.085
2022	1,02,45,43,841.46	6,40,58,004.33	15.994

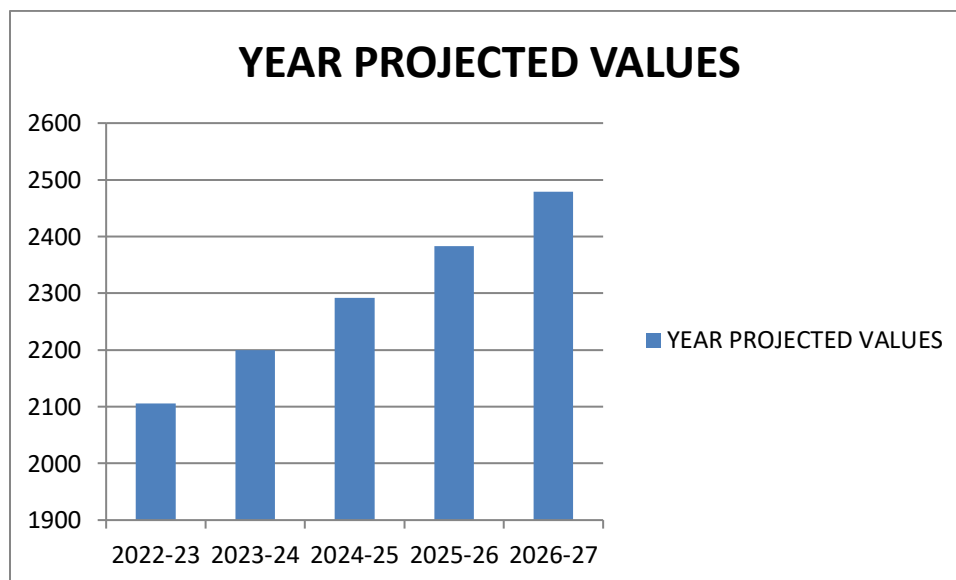
In the year 2017-18, a high ratio is 19.467 generally means that a company has been aggressive in financing its growth with debt. The soundness of long term financial policies of a company. 2018 to 2022 decreased.

Least square method for projection Cash and bank balance (Amount in Crores)

Year	Cash and bank balance	Deviation from mid Point (X)	XY	X ²
2017-18	1488	-2	-2992	4
2018-19	1783	1	-1783	1
2019-20	1930	0	0	0
2020-21	2132	1	2132	1
2021-22	1788	2	3576	4
	$\sum Y=9128$	$\sum X=0$	$\sum XY=933$	$\sum X^2=10$

Substituting in $Y_c = A + B X$

YEAR PROJECTED VALUES	YEAR PROJECTED VALUES
2022-23	2106
2023-24	2200
2024-25	2292
2025-26	2383
2026-27	2479





The cash projection analysis of the banks shows a continuous growth which is required for the organizations and it is Rs.2106 Cr in the year ended 2023 and it increases year by year and reaches high for the future year ending 2027 as Rs. 2479 cr .This shows a good position of the organization in the future.

Trend Analysis in Percentage

Particular	2016-17	2017-18	2018-19	2019-20	2020-21
Cash and Bank Balance	100	118	125	141	121
CL	100	106	115	125	132
Sundry Debtors	100	115	132	135	137
Loans and Advances	100	122	144	132	149
CA	100	128	148	158	137

- The cash and bank balance shows increasing trend of 118 and it reaches a high rate in 2020 as 141 and again it decreased in the year ended 2021.
- Current liabilities and sundry debtors are in positive trend from the year 2018.
- Loans and advances declined in year 2018 and again in positive trend till 2021.
- Lastly the current assets movement is in the positive mode till 2020 and declined in the last year 2021.

FINDINGS

- The bank has got very good trend in Current assets except the previous year 2021.
- Projected cash bank balance shows that the bank has got very good fund availability in upcoming 5 years.
- Sundry debtors are also not high as compare to other commercial banks but it can be controlled.
- Majority of the ROE and Net profit margin are in standard value all over the years.

SUGGESTION

There is poor management of Debt from the banks in the recent years, and this can be managed properly by having proper risk management teams. The banks are expected to have good cash flow in near future, hence they can plan for expansion and upgradation.

Net profit is stable and decent, however they need to concentrate on ROE here they can satisfy maximum shareholders.

CONCLUSION

UCB's are the back bone for Semi urban and Tier 2 cities. Promotion and support from the govt will push these banks towards positive growth. The study leads to a major conclusion that the banks have got enough funds to manage their day to day business activities however they need good risk management team like the commercial banks for future growth.

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