



SOURCES AND APPLICATION OF FUNDS IN COOPERATIVE URBAN BANKS IN COMPOSITE THANJAVUR DISTRICT

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Abstract:

The efficient and effective management of funds in cooperative urban banks is akin to a healthy person in whom the healthy heart circulates blood efficiently. Thus, the success or failure of any financial institutions is closely linked with the managerial competence in managing the funds. In this study examine the Sources and how the funds are mobilized in Selected Co-operative Urban Banks in Composite Thanjavur district.

Introduction:

The quality and efficiency in managing funds in any banking institutions is very essential because it will reflect on all the aspects of its performance. Without efficiency in financial operations, the survival of banking institutions will be more difficult. For the cooperative urban banks CUBs, the efficiency of financial operations is associated with efficient management of funds which is reflected through the financial margin and is the ultimate financial gain available to them, which are influenced by owned funds to working funds, low-cost deposits to total deposits and balanced credit to deposit ratio. Therefore, cooperative banking in urban areas is no exception to the principle of funds management as they are organized and managed by the means of principles of cooperation, self-help and mutual help.

Methodology:

Objectives of the Study:

- ✓ To study the various sources of funds in selected urban cooperative banks in Thanjavur.
- ✓ To analyse the various sources and application of funds in Selected UCBs in Composite Thanjavur district.
- ✓ To offer valuable recommendations to strengthen the sources and application of funds.

Methodology:

The study is based on Secondary data. The secondary data were collected from the Office Records, Annual Audit Reports and Annual Booklets of the Selected Co-operative Urban Banks of Composite Thanjavur district. Simple statistical tools used like Maxima, Minimum, Mean, Standard Deviation and Covariance.

Period of Study:

The study confine a period of ten years from 2006-07 to 2015-16.

Limitations of the Study:

This study takes place only composite Thanjavur district only. It comprises only three sample banks viz., Mayuram Co-operative Bank (MCUB), Sri Lakshminarayana Co-operative Urban Bank (SLNCUB) and Nicholson Co-operative Bank (NCUB). The study covers a period of ten years from 2006-07 to 2015-16. 2016-17 is not included in the study due to non-availability of data.

Sources of Funds:

The major sources of funds for the selected cooperative urban banks in Mayiladuthurai, Thiruvavur and Thanjavur are evaluated by trend and growth analysis. It was reported with trend analysis of major sources, comprises of share capital, reserves and surplus, deposits (fixed deposit, savings deposit and current deposit), in the selected urban cooperative banks.

Table 1: Trend in Major Sources Funds in MCUB between 2006-07 and 2015-16 (Rupees in Lakhs)

Period	Major Sources of MCUB		
	Share Capital	Reserves	Total Deposit
2006-07	90.20	567.88	3631.33
2007-08	93.13	559.33	3960.96
2008-09	95.80	619.16	4399.28
2009-10	97.17	661.66	5084.22
2010-11	99.27	693.84	4952.58
2011-12	100.14	723.83	5749.99
2012-13	141.99	729.08	7276.56
2013-14	152.76	823.65	8532.85
2014-15	165.75	760.00	8396.85
2015-16	185.15	775.22	8381.62

Maximum	185.15	823.65	8532.85
Minimum	90.20	559.33	3631.33
Mean	122.136	691.365	6036.624
S.D	35.57	88.51	1937.28
CV	3.43	7.81	3.12

Source: Bank Records

From the table 1, it is clearly indicates the sources of funds during the study period between 2006-07 to 2015-16. It was observed from the above table, the major sources of fund came from deposit mobilized by the MCUB. It was increased every year at increasing rate in the year 2012-13, it was increased enormously. In the same way, the average level of deposit is 6036.12 and deviation to the standard is 1937.28. The second sources of MCUB is came from Reseves it was taken from profit. It was increased slightly increased every year at increasing rate. The share capital of the MCUB is another sources of fund, it is also increased depending upon the membership increased the average share capital of the MCUB is 122.136 and its Standard deviation is 35.57.

Table 2: Trend in Major Sources Funds in NCUB between 2006-07 and 2015-16 (Rupees in Lakhs)

Period	Major Sources of NCUB		
	Share Capital	Reserves	Total Deposits
2006-07	98.46	542.35	5931.22
2007-08	110.78	548.60	6953.33
2008-09	118.27	640.68	8131.66
2009-10	121.20	682.43	8266.97
2010-11	121.22	732.11	8038.05
2011-12	121.93	816.47	8343.22
2012-13	126.52	894.10	9837.17
2013-14	192.83	958.60	11250.60
2014-15	258.36	1023.53	11411.90
2015-16	346.58	1141.27	12900.82
Maximum	98.46	542.35	5931.22
Minimum	346.58	1141.27	12900.82
Mean	161.61	798.01	9106.49
S.D	81.01	203.87	2184.3
CV	1.99	3.91	4.17

Source: Bank Records

From the table 2, clearly explains the major sources of funds of Thanjavur Urban Co-operative Bank during the study period from 2006-07 to 2015-16. The deposits of the bank has increased every year at increasing trend, it is the most important source of the bank. The average deposits of the bank 9106.49 deviating from the mean is 2184.30. The sharecapital of the bank increased enormous in the year 2015-16 in the same year the deposit was increased 12,900.82 and the reserves were increased 1141.27, it is clearly observed the reserves and deposits were increased depending upon their share capital of the bank.

Table 3: Trend in Major Sources Funds in SLNCUB between 2006-07 and 2015-16 (Rupees in Lakhs)

Period	Major Sources Of SLNCUB		
	Share Capital	Reserves	Total Deposits
2006-07	142.70	669.72	3422.94
2007-08	149.80	641.59	4000.24
2008-09	152.81	727.96	5018.85
2009-10	154.18	781.65	6195.55
2010-11	156.36	900.94	6504.55
2011-12	154.94	1050.53	7467.80
2012-13	158.77	1073.64	9174.70
2013-14	165.91	1836.10	11319.00
2014-15	178.52	1281.21	12293.02
2015-16	194.61	1359.43	12197.52
Maximum	142.70	641.59	3422.94
Minimum	194.61	1836.10	12293.02
Mean	160.86	1032.27	7759.42
S.D	15.27	376.22	3324.60
CV	10.53	2.74	2.33

Source: Bank Records

It is observed from the table 3 shows the sources of funds from Thiruvavarur Urban Co-operative Bank during the study period from 2006-07 to 2015-16. It was noted the deposits and reserves are increased at multiple increasing rate, but the share capital slightly increased every year from the beginning year of the study. In the year 2013-14, the deposits and reserves were increased maximum deviation when compared to the other years, the bank should attracts more deposits during the year and the bank attain maximum profit during that year. All the sources of the funds of the TCUB increased every year when compared to the base year 2006-07 of the study.

Table 4: Trend in Major Application of Funds in SLNCUB between 2006-07 and 2015-16 (Rupees in Lakhs)

Period	Major Applications of SLNCUB			
	Cash	Deposits with Other Banks	Investments	Advances
2006-07	236.31	1557.70	1464.04	3427.93
2007-08	169.68	2369.27	1570.01	3672.10
2008-09	270.83	3573.28	1501.73	3589.24
2009-10	191.51	3467.18	1488.82	4105.56
2010-11	530.63	2035.05	1793.96	4806.80
2011-12	166.90	2219.43	2181.96	5164.72
2012-13	274.44	2494.53	2490.27	5915.18
2013-14	345.62	2013.23	1512.65	6509.73
2014-15	409.71	3293.98	1100.38	6099.55
2015-16	331.05	5140.48	2876.75	5891.51
Maximum	530.63	5140.48	2876.75	6509.73
Minimum	166.90	1557.70	1100.38	3427.93
Mean	292.66	2816.41	1798.05	4918.23
S.D	115.35	1060.69	548.27	1161.57
CV	2.24	2.66	3.28	4.23

Source: Bank Records

From the table 4 clearly shows the funds used during the study period between 2006-07 to 2015-16. It was observed Cash, Deposits with other banks, Investments and Advances are the major application of funds for every bank. Here, the TCUB mobilized funds in the above mentioned form. In the year 2010-11, the cash was mobilized maximum and deposits with other banks were decreased 3467.68 to 2035.05. The investments and advances of the bank rapidly increased every year when compared to the base year. In the year 2015-16, it reached the maximum level and declined in the year 2014-15. The Advances of the bank increased every year, in 2013-14 it reached maximum the average advances provided to the bank was 4918.23 and its deviation was 1161.57

Table 5: Trend in Major Application of Funds in NCUB between 2006-07 and 2015-16 (Rupees in Lakhs)

Period	Major Applications of NCUB			
	Cash	Deposits with Other Banks	Investments	Advances
2006-07	21.97	80.14	1709.52	2318.78
2007-08	127.75	1510.26	525.23	2599.67
2008-09	200.32	2258.29	525.23	2962.93
2009-10	259.70	2670.38	764.05	3518.22
2010-11	264.24	2511.12	1128.79	3781.65
2011-12	328.22	2078.39	1860.78	4475.00
2012-13	324.18	2258.78	2302.32	5735.24
2013-14	394.96	3721.84	2878.48	6075.71
2014-15	587.37	4222.29	2931.25	6925.68
2015-16	544.58	3533.67	2891.52	7319.98
Maximum	587.37	4222.29	2931.25	7319.96
Minimum	21.97	80.14	525.23	2318.78
Mean	305.33	2484.52	1751.72	4571.28
S.D	173.95	1187.16	980.30	1825.93
CV	1.76	2.09	1.79	2.50

Source: Bank Records

It was observed from the table 5 shows the uses of funds from TNCUB during the study period from 2006-07 to 2015-16. The TNCUB having minimum amount of cash hold in the base year but after that it increased more and more. The deposits maintained in the other banks were increased every year in the beginning stage it was not in good afterwards it increased enormous level. The investments of the bank not in good position in the beginning stage later it increased due to the increase of membership during the year. The

advances of the bank increased every year when compared to the base year. The average advances given by the bank is 4571.28 and its deviation is 1825.93.

Table 5: Trend in Major Application of Funds in MCUB between 2006-07 and 2015-16 (Rupees in Lakhs)

Period	Major Applications of MCUB			
	Cash	Deposits with Other Banks	Investments	Advances
2006-07	109.97	580.34	1847.14	1673.83
2007-08	122.87	741.14	1809.81	1817.36
2008-09	138.10	1748.82	973.47	2052.41
2009-10	164.35	1847.07	972.43	2664.70
2010-11	157.56	649.22	1295.56	3472.52
2011-12	213.93	587.16	1448.21	4109.63
2012-13	238.72	1023.85	1845.91	4727.68
2013-14	258.95	1891.78	2164.96	4734.53
2014-15	346.63	1883.63	2135.70	4604.85
2015-16	363.54	2262.11	2134.24	4189.80
Maximum	363.54	2262.11	2164.96	4734.53
Minimum	109.97	580.34	972.43	1673.83
Mean	211.46	1321.51	1662.74	3404.73
S.D	90.09	662.55	461.87	1245.83
CV	2.35	1.99	3.60	2.73

Source: Bank Records

The table 6 shows the funds mobilized by the MCUB during the study period from 2006-07 to 2015-16. It is observed from the above table Cash, Deposits with other banks, Investments and Advances of the bank increased every year when compared to the base year. Cash and Advances of the bank increased rapidly during the study period. But Investments and Deposits hold with other banks were fluctuating year by year. Most of the funds used by MCUB in the form of advances the average is 3404.73 and deviation is 1245.83. The MCUB should maintain a stable membership that is why the bank got stable investments and advances.

Suggestions:

- ✓ The banks should increase the sources of funds to strengthening the solvency position of the banks.
- ✓ All the banks should attracts more deposits from the public by offering Diaries, Calendars, Watches, Lamps, etc. it will induce the people to deposits their funds.
- ✓ The MCUB should concentrate the deposits because when compared to the other two banks it was relatively low. So, it takes necessary steps for upgrade the deposits.
- ✓ The TCUB should get a constant cash position to meet out the working capital.
- ✓ All the banks should concentrate the advances. It may be given to only a loyal customers, if not, it will leads to create more bad debts to the banks.

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