RESEARCH FRONT

ISSN
(Print) 2320 – 6446, (Online) 2320 – 8341
Impact Factor – 1.115

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF SELECTED COOPERATIVE URBAN BANKS IN TAMILNADU

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ABSTRACT

Urban co-operative banks ranked a very significant position in the Indian banking sector. Competent management is pre-requisite for the success of any organization. At present highly competitive and globalized business environment, there is an urgent need of professional management for the successful controlling and managing the affairs of the urban co-operative banks. By improving management of deposits, number of employees, loan advances and investment operations the less efficient banks can successfully achieve efficiency in resource utilization. The results also provide valuable insights to policymakers and managers for improving the efficiency and management of the urban cooperative banks.

Keywords: Cooperative Banks, Performance and Ratio Analysis.

INTRODUCTION

The origin of the urban credit movement in India can be traced to the close of the nineteenth century. Following the success of the urban credit institutions organised by Hermann Schuktze in Germany and Luigi Luzzatti in Italy during the period 1855-1885, some middle class Maharashtrian families settled in the erstwhile Baroda state started a mutual aid society in Baroda on February 05, 1889 under the guidance of ShriVithalLaxmanKavthekar. When the Co- operative Credit Societies Act of 1904 conferred legal status on credit societies, the first urban co-operative credit society was registered in October 1904 at Conjeevaram in Madras Province. Subsequently, the Betegiri Co-operative Credit Society in Dharwar District in the undivided Bombay Province and the Banglore City Co-operative Credit Society in the erstwhile Mysore State were registered in October 1905 and December 1905 respectively.

STATEMENT OF THE PROBLEM

Cooperative Bank failures have been relatively high in recent years. While each bank failure is a somewhat a unique experience, recent studies have identified a few factors that most failing banks seems to have in common. Most banks that fail seem to do so because of problems in their loan portfolio. Nonperforming loans grow to such an extent that revenues fall off and loan loss expenses as well as operating costs, absorb all the earnings that remain. The bad loan situation usually arises from a combination of factors. Failing banks often have inadequate systems of spotting problem loan early. Finally, failing banks frequently have expense control problems. Management may invest the banks money in lavish offices and enjoy handsome fringe benefits that the banks earnings simply cannot support. When the

ISSN
(Print) 2320 – 6446, (Online) 2320 – 8341
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banks troubles become evident to depositor, it must then pay higher interest rates to secure finding, further increasing its operating costs. Eventually expenses may erode what limited earnings are available and bank capital begins to fall.

TITLE OF THE STUDY

Title of the study is "Financial Performance" of the selected Cooperative Urban Banks Ltd.,

OBJECTIVES OF THE STUDY

The following objectives are formed for the purpose of the study;

(i) To analyze the general function of the banks.

(ii) To study the financial performance of the selected banks.

SCOPE OF THE STUDY

Researcher has used the facts which has been already available and analyzed them to make a critical evaluation of financial performance of the urban cooperative bank.The urban cooperative bank will give a good view about their past performance and future of the bank is made only on the basis of past performance. The study gives an idea to the public about the liquidity position of the bank and also suggested various measures by which bank can utilize the various opportunities available to them and strive for their betterment.

METHODOLOGY

(i) TOOLS FOR DATA COLLECTION

Case study has been followed for his study secondary data regarding membership growth, share capital, reserve fund, deposit, loan operation etc., were collected from audit reports of the bank and necessary clarifications were also obtained through personal discussion with the bank officials.

(ii) FRAME WORK OF ANALYSIS

In the process of analyzing the data collected were analyzed and presented in the form of tables and growth index, ratios analysis of deposit mix for better understanding of the problem under the study.

(iii) PERIOD OF THE STUDY

The study covered a period of ten years from 2003- 2004 to 2012-2013. The data presented in the research study pertains to the above said period.

(iv) AREA COVERED BY THE STUDY

The area covered by the study is confined to Four Districts Erode, Salem, Nammakal and Tirupur.

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LIMITATIONS OF THE STUDY

Time is the basis limitation of the researcher within a short period the researcher has to collect lots of informations. The area covered for the study was only four districts CUB is another limitation. The researcher has to spend own money for this project. These are some constraints in conducting detailed study.

REVIEW

Devaraja (2000) examined the performance of the Horticultural Producers Cooperative Marketing and Processing Society Limited in Karnataka, India, during the period 1958-59 to 1995-96. Physical and financial indicators of performance such as membership, retail outlets, share capital, owned funds, total assets, long-term investments, fixed assets, working capital, total liabilities, and sales were analyzed. Results showed that there were substantial increases both in physical and financial indicators over the period of study.

Sarkar et al. (2001) examined the growth and functioning of Primary Agricultural Credit Societies in India during the period 1981-82 to 1995-96. The analysis revealed that the entire growth period could be broadly divided into 2 distinct phases with the period of truncation being 1989-90. The study revealed that although profits increased, the number of profit making societies had declined, mainly due to low borrowing membership, low business turnover and high level of overdue.

Aynew et al. (2002) analyzed the loan delinquency, transaction/ administrative cost and recovery performance of Primary Land Development Banks (PLDBs) and analyses the factors affecting the overdue in PLDBs in Haryana, India. They reaveled that the amount of loan recovered by these banks in the state recorded a steady increase from Rs. 71.89 crores in 1988-89 to Rs.188.13 crores in 1997-98. The problem of chronic overdue seemed to be a serious case in these banks. The percentage of recovery to demand was the main significant factor influencing the overdue of long- term credit in the PLDBs over the study period.

Vivek et al. (2003) analyzed the growth performance of all primary agricultural credit societies (PACS) in Haryana, India, based on secondary data for the years 1988/89-2000/01. Results revealed that the number of PACS increased from 2249 in 1998-99 to 2396 in 2000-01, with an annual growth rate of 0.52%. The total membership and the borrowing membership also increased over the study period.

RATIO ANALYSIS

INTRODUCTION

A ratio is simple arithmetical expression of the relationship of one number to another. If may be defined in the high light of finding and suggestion have been arrived for improving the financial statement analysis. It may be defined as the indicated quotient of 2 mathematical expressions. In a simple language ratio is one number expressed in items of another and can be worked out by dividing one number in to another.

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The ratio analysis is one of the most powerful tools of financial analysis. It is the process of establishing and interpreting various ratios. It is with the help of ratio that the financial statement can be analyzed more clearly.

LIMITATIONS OF RATIO ANALYSIS

The ratio analysis is one of the most powerful tools of financial management. Though ratios are simple to calculate and easy to understand, they suffer from some serious limitations:

- Limited use of single ratios does not convey much of sense.
- There are no well accepted standard or rules of thumbs for all ratios which can be accepted as norms.
- Ratios of the past are not necessary true indicators of the future.
- Change in accounting procedure by a firm often makes ratio analysis misleading.
- Financial statement can easily be window dressed to present a better of it and profitability position to outsiders.

LIQUIDITY RATIO

Liquidity refers to the ability of a concern to meet its current obligations as and when these become due. The short term obligations are met by realizing amounts from current, floating on circulating assets. The current assets should either be liquid or near liquidity. These should be convertible into cash for paying obligations of short-term nature. The bankers, suppliers of goods and other short-term creditors are interested in the liquidity of the concern. They are:

I. Current Ratio
II. Liquid Ratio
III. Absolute Liquid Ratio

CURRENT RATIO

Current ratio may be defined as the relationship between current assets and current liabilities. Current assets are cash in hand, cash at bank, marketable securities, bills receivable, sundry debtors, inventories, work in progress, prepaid expenses. Current liabilities are outstanding expenses, bills payable, sundry creditors, short term advances, income tax payable, dividend payable, bank overdraft. This ratio, also known as working capital ratio, is a measure of general liquidity and is most widely used to make the analysis of a short -term financial position or liquidity of a firm. It is calculated by dividing the total of current assets by total of the current liabilities.

FORMULA

$$\textbf{CURRENT RATIO} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

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TABLE - 1
CURRENT RATIO

[Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	C.A	C.L	RATIO	C.A	C.L	RATIO	C.A	C.L	RATIO	C.A	C.L	RATIO
2003-2004	4961.18	9193.22	0.53	1336.77	367.99	3.63	1298.8	468.03	2.77	6108.44	1302.74	4.68
2004-2005	5071.82	3958.34	1.27	1042.83	331.76	3.14	1272.8	504.55	2.52	8410.97	8588.76	0.97
2005-2006	5549.26	3832.05	1.44	8900.36	170.95	52.06	1249.1	664.32	1.88	2985.90	8532.81	0.34
2006-2007	6752.38	4856.15	1.39	1117.61	484.12	2.30	1234.92	395.72	3.12	3377.37	9238.39	0.36
2007-2008	9225	10000	0.92	1142.42	265.28	4.30	1273.1	513.88	2.47	2824.59	9853.58	0.28
2008-2009	1041.90	1000	1.04	1434.42	538.35	2.66	1378.3	437.2	3.15	6904.00	1841.53	3.74
2009-2010	8575.47	335.16	25.58	1323.40	448.84	2.94	1287.8	129.1	9.91	4517.69	1599.13	2.82
2010-2011	1156.78	5956.36	0.19	1563.82	541.69	2.88	2001.1	662.91	3.01	2556.52	9352.68	0.27
2011-2012	1117.67	384.32	2.90	1480.14	651.43	2.27	6839.1	271.06	25.2	4199.53	1027.45	4.08
2012-2013	1556.90	334.23	4.65	1592.11	784.18	2.03	3270.49	352.06	9.28	1911.69	2964.62	0.64
AVERAGE	**45008.36**	**39849.83**	**1.12**	**12924.45**	**4584.59**	**2.81**	**21105.51**	**4398.85**	**4.79**	**40796.7**	**54301.69**	**0.75**

Table 1 shows the current ratio of selected cooperative banks for the study period. The current ratio was higher than the rule thumb of 2:1. A high ratio was observed in Nammakal cooperative urban bank in the year 2005-06 i.e.52.06.

LIQUID RATIO

This ratio is used to access firm's short term liquidity. The relationship of liquid asset to current liabilities is known as liquid ratio. It is otherwise called as quick ratio or acid test ratio. Liquid assets are cash in hand, cash at bank, bills receivable, sundry debtors, marketable securities. Asset is liquid if it can be converted into cash immediately or reasonably soon without a loss of value.

FORMULA

$$\textbf{LIQUID RATIO} = \frac{\text{Liquid assets}}{\text{Current liabilities}}$$

TABLE - 2
LIQUIDE RATIO

[Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	L.A	C.L	RATIO	L.A	C.L	RATIO	L.A	C.L	RATIO	L.A	C.L	RATIO
2003-2004	1652.38	9193.22	0.17	1330.41	3679.95	0.36	1296.68	468.03	2.77	5640.80	1302.74	4.32
2004-2005	5051.82	3958.34	1.27	1042.36	3317.64	0.31	1271.60	504.55	2.52	8385.31	8588.76	0.97
2005-2006	5494.26	3832.05	1.43	8890.97	1709.50	5.20	1248.10	664.32	1.87	2979.25	8532.81	0.34
2006-2007	6723.38	4856.15	1.38	1117.19	4841.22	0.23	1233.80	395.72	3.11	3377.37	9238.39	0.36
2007-2008	9225	10000	0.92	1141.53	2652.85	0.43	1271.60	513.88	2.47	2823.67	9853.58	0.28

2008-2009	1041.90	1000	1.04	1433.80	5383.55	0.26	1377.50	437.20	3.15	6811.64	1841.53	3.69
2009-2010	922.56	335.16	2.75	1323.36	448.84	2.9	1285.80	129.19	9.95	3071.73	1599.13	1.92
2010-2011	1156.78	5956.36	0.19	1560.42	541.69	2.8	2000.40	662.91	3.01	3610.17	9352.68	0.38
2011-2012	1117.67	384.32	2.90	1479.92	651.43	2.2	6823.35	271.06	25.17	4144.23	1027.49	4.03
2012-2013	667.85	334.23	1.99	1591.91	784.18	2.0	3250.49	352.06	9.23	1658.01	2964.62	1.30
AVERAGE	**33053.6**	**39849.83**	**0.82**	**20911.87**	**24012.85**	**0.87**	**21059.32**	**4398.92**	**4.78**	**42502.18**	**54301.73**	**0.78**

Table 2 shows the liquid ratio of selected cooperative urban banks for the study period. The liquid ratio was higher than the rule thumb of 1:1. A high ratio was observed in Tirupur cooperative urban bank in the year 2011-12.i.e.25.17.

ABSOLUTE LIQUID RATIO

This ratio is concerned with the relationship between absolute liquid assets and current liabilities. Absolute liquid assets include cash in hand, cash at bank and marketable securities or temporary investments. The acceptable norm for this ratio.

FORMULA

$$\textbf{ABSOLUTE LIQUID RATIO} = \frac{\text{Absolute Liquid Assets}}{\text{Current Liabilities}}$$

TABLE - 3
ABSOLUTE LIQUIDE RATIO [Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	A.L.A	**C.L**	**RATIO**	**A.L.A**	**C.L**	**RATIO**	**A.L.A**	**C.L**	**RATIO**	**A.L.A**	**C.L**	**RATIO**
2003-2004	6924.52	9193.22	0.75	9472.28	3679.95	2.57	173.32	468.03	0.37	5445.68	1302.74	4.18
2004-2005	6878.43	3958.34	1.73	6909.10	3317.64	2.08	155.56	504.55	0.30	5485.55	8588.76	0.63
2005-2006	8388.21	3832.05	2.18	5521.03	1709.50	3.22	1298.41	664.32	1.95	2198.92	8532.81	0.25
2006-2007	9132.38	4856.15	1.88	8165.53	4841.22	1.68	1171.54	395.72	2.96	3355.93	9238.39	0.36
2007-2008	9228	10000	0.92	8752.74	2632.85	3.32	542.41	513.88	1.05	2822.11	9853.58	0.28
2008-2009	14093	1000	14.09	8677.63	5383.55	1.61	160.34	437.2	0.36	6563.97	1841.53	3.56
2009-2010	1411.62	335.16	4.21	8247.35	4488.43	1.83	695.67	1291.9	0.53	2983.44	1599.13	1.86
2010-2011	1472.03	5956.36	0.24	9508.82	5416.91	1.75	207.23	662.91	0.31	2872.29	9352.68	0.30
2011-2012	1240.67	384.32	3.22	7437.28	6514.39	1.14	246.58	271.06	0.90	3144.23	1027.49	3.06
2012-2013	2019.90	334.23	6.04	6498.57	7841.83	8.28	319.76	352.06	0.90	3880.22	2964.62	1.30
AVERAGE	**60788.76**	**39869.83**	**1.52**	**79190.33**	**45826.27**	**1.72**	**4928.82**	**5561.63**	**0.88**	**38752.34**	**54301.73**	**0.71**

Table 3 shows the absolute liquid ratio of selected cooperative urban banks for the study period. The absolute liquid ratio was higher than the rule thumb of 1:2. A high ratio of observed in Erode cooperative urban bank in the year 2008-2009 i.e. 14.09.

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(Print) 2320 – 6446, (Online) 2320 – 8341
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NET WORKING CAPITAL TO CURRENT LIABILITIES

This ratio shows the relationship between net working capital and current liabilities. It shows the financing mix that is used for financing the current asset. It also reveals the equity and long-term vice versa current liability financed portion of current assets.

FORMULA

$$\textbf{NET WORKING CAPITAL TO CURRENT LIABILITIES} = \frac{\text{Net Working Capital}}{\text{Current Liabilities}}$$

TABLE - 4
NET WORKING CAPITAL TO CURRENT LIABILITY [Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	N.W.C	C.L	RATIO	N.W.C	C.L	RATIO	N.W.C	C.L	RATIO	N.W.C	C.L	RATIO
2003-2004	4232.04	4936.11	0.85	9687.75	3679.95	2.63	830.77	468.03	1.77	4805.70	1302.74	3.68
2004-2005	1113.48	3958.34	0.28	7110.71	3317.64	2.14	768.25	504.55	1.52	7552.09	2467.66	3.06
2005-2006	1717.21	3832.05	0.44	8883.26	1709.50	5.19	584.78	664.32	0.88	5546.91	3664.62	1.51
2006-2007	1896.23	4856.15	0.39	1112.77	4841.22	0.22	839.20	395.72	2.12	5861.02	4305.86	1.36
2007-2008	7750.00	10000	0.77	8770.14	2652.85	3.30	759.22	513.88	1.47	1839.23	6609.87	0.27
2008-2009	1031.00	1000	1.03	8956.86	5383.55	1.66	941.10	437.20	2.15	1151.13	1378.64	0.83
2009-2010	8240.31	3350.16	2.45	8745.56	4488.43	1.94	1157.90	129.90	8.91	2918.56	2462.79	1.85
2010-2011	4799.58	5956.36	0.80	1022.13	5416.91	1.88	1338.19	662.91	2.01	6796.16	1803.92	3.76
2011-2012	7330.35	3840.32	1.90	8287.05	6514.39	1.27	6568.04	271.06	24.23	3172.20	3660.46	0.86
2012-2013	1222.67	334.23	3.65	8078.28	7841.83	1.03	2918.43	352.06	8.28	1052.92	2904.62	0.35
AVERAGE	**39332.87**	**42063.72**	**0.93**	**70654.51**	**45846.27**	**1.54**	**16705.88**	**4399.63**	**3.79**	**40695.92**	**30621.18**	**1.32**

Table 4 describes the net working capital to current liability of selected cooperative urban banks during the study period of 2003-2004 to 2012-2013. The ratio various from 0.85 to 3.65 times in ECUB, 2.63 to 1.03 times in NCUB, 1.77 to 8.28 times in TCUB, 3.68 to 0.35 times in SCUB. The highest ratio (24.23) was observed in Tirupur cooperative urban bank in the year 2011-2012.

NET WORKING CAPITAL TO NET WORTH

The purpose of this ratio is to show the proportion of the proprietor's fund invested in net working capital. The higher the proportion the higher will be the amount of owner's funds invested in net working capital as a cover for long-term debts. The lower proportion will be the amount of owner' funds invested in net working capital.

FORMULA

$$\textbf{NET WORKING CAPITAL TO NETWORTH} = \frac{\text{Net Working Capital}}{\text{Net worth}}$$

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(Print) 2320 – 6446, (Online) 2320 – 8341
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TABLE - 5
NET WORKING CAPITAL TO NET WORTH [Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	N.W.C	**N.W**	**RATIO**	**N.W.C**	**N.W**	**RATIO**	**N.W.C**	**N.W**	**RATIO**	**N.W.C**	**N.W**	**RATIO**
2003-2004	4232.04	9406.79	0.44	9687.80	7576.30	1.27	8300.77	5570.54	1.49	1667.94	1302.74	1.28
2004-2005	1113.48	1110.69	1.00	7110.71	8408.90	0.84	7680.25	5570.53	1.37	2467.66	8588.76	0.28
2005-2006	1717.21	6360.52	0.26	8883.26	8969.98	0.99	5840.78	5520.60	1.05	3664.62	8532.81	0.42
2006-2007	1896.23	1078.31	1.75	1112.77	1149.59	0.96	8390.20	5530.30	1.51	4305.86	9238.39	0.46
2007-2008	775.25	8969.50	0.08	8770.14	5620.31	1.56	7590.22	5980.97	1.26	6609.87	9853.58	0.67
2008-2009	1031.00	7178.00	0.14	8956.86	1305.01	6.86	9410.1	6640.80	1.41	1378.64	1841.53	0.74
2009-2010	4890.15	5902.94	0.82	8745.56	1324.02	6.60	1157.90	7630.13	0.15	2462.79	1599.13	1.54
2010-2011	4799.58	5405.65	0.88	1022.13	1250.62	0.81	1338.19	9300.15	0.14	1803.92	9352.68	0.19
2011-2012	3490.03	3102.24	1.12	8287.05	1149.61	7.20	6568.04	1250.63	5.25	3660.46	1027.45	3.56
2012-2013	8880.44	1063.55	8.34	8078.28	1078.31	7.49	2918.43	1250.65	2.33	3674.10	2964.62	1.23
AVERAGE	**32825.41**	**49578.19**	**0.66**	**70657.56**	**37832.65**	**1.86**	**59194.88**	**54245.3**	**1.09**	**31695.86**	**54301.69**	**0.58**

Table 5 describes the net working capital to net worth of selected cooperative urban banks during the study period of 2003-04 to 2012-2013. The ratio varies from 0.44 to 8.34 times in ECUB, 1.27 to 7.49 times in NCUB, 1.49 to 2.33 times in TCUB, 1.28 to 1.23 times in SCUB. The highest ratio (8.34) was observed in Erode cooperative urban bank in the year 2012-2013.

CASH RATIO

Cash is the lifeblood of a business firm. It is needed to acquire suppliers, resources, equipment and other assets used in generating the products and services business. It is also an ultimate output expected to be realized and the firm should keep sufficient cash, neither more or less.

Cash shortage will descript the firm’s manufacturing operations while excessive cash will simply remain idle without contributing anything towards the firm’s profitability. Thus, a major function of the financial manager is to maintain a sound cash position.

CASH TO CURRENT ASSETS RATIO

This ratio indicates the relationship between cash and current assets. It is said the cash in a well-financed company should not be less than 5% to 10% of current assets. It helps to determine the minimum level of cash in current assets could be caused due to reduction of credit.

FORMULA

$$\textbf{CASH TO CURRENT ASSETS RATIO} = \frac{\text{Cash}}{\text{Current Assets}}$$

ISSN
(Print) 2320 – 6446, (Online) 2320 – 8341
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TABLE - 6
CASH TO CURRENT ASSET RATIO [Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	CASH	C.A	RATIO	CASH	C.A	RATIO	CASH	C.A	RATIO	CASH	C.A	RATIO
2003-2004	4232.04	9406.79	0.44	7998.25	1336.77	5.98	995.69	1298.8	0.76	1579.44	6108.44	0.25
2004-2005	2673.08	5071.82	0.52	1260.58	1042.83	1.20	111.16	1273.10	0.08	7552.09	2467.66	3.06
2005-2006	5476.37	5549.26	0.98	1785.56	8900.36	0.20	150.02	1249.10	0.12	1859.01	2985.90	0.62
2006-2007	4932.00	6752.38	0.73	1797.53	1117.61	1.60	513.56	1234.92	0.41	1817.20	3377.37	0.53
2007-2008	3538.25	9225.99	0.38	5944.60	1142.29	5.20	284.91	1273.10	0.22	2396.26	2824.59	0.84
2008-2009	1031.00	7178.05	0.14	2237.51	1434.04	1.56	289.28	1378.30	0.20	2675.47	6904.00	0.38
2009-2010	3789.30	8575.47	0.44	2148.07	1323.40	1.62	261.41	1287.80	0.20	2483.44	4517.69	0.54
2010-2011	4277.49	1156.78	3.69	9211.16	1563.82	5.89	196.29	2001.10	0.09	2484.49	2556.52	0.97
2011-2012	6383.50	1117.67	5.71	3360.39	1480.14	2.26	3162.00	6839.10	0.46	3136.41	4199.53	0.74
2012-2013	9887.12	1556.90	6.35	4486.92	1592.01	2.81	2376.00	3270.49	0.72	2469.12	1911.69	1.29
AVERAGE	**46220.15**	**55591.11**	**0.83**	**40230.57**	**20938.27**	**1.92**	**8340.32**	**21105.81**	**0.39**	**28452.93**	**37853.39**	**0.75**

Table 6 describes the cash to current asset ratio of selected cooperative urban banks during the study period of 2003-2004 to 2012-2013. The ratio varies from 0.44 to 6.35times in ECUB, 5.98 to 2.81 times in NCUB, 0.76 to 0.72 times in TCUB, 0.25 to 1.29 times in SCUB. The highest ratio (6.35) was observed in Erode cooperative urban bank in the year 2012-2013.

DEBTORS TO CURRENT ASSETS RATIO

The ratio explains is also one of the portions in the current assets. It says the amount receivables per rupee of current asset investment and its size in current assets. By making a comparison over a period of years, we can know the firms changing policies with regard to the level of receivables in working capital.

FORMULA

$$\textbf{DEBTORS TO CURRENT ASSETS RATIO} = \frac{\text{Debtors}}{\text{Current Assets}}$$

Table 7 describe the deposit to current asset ratio of selected cooperative urban banks during the study period of 2003-2004 to 2012-2013. The ratio varies from 1.59 to 1.96 times in ECUB, 1.15 to 2.45 times in NCUB, 0.08 to 0.15 times in TCUB, 1.36 to 0.53 times in SCUB. The highest ratio (5.99) was observed in Nammakal cooperative urban bank in the year 2006-2007.

TABLE - 7

DEBTORS TO CURRENT ASSET RATIO [Rs. in Lakhs]

YEAR	ECUB			NCUB			TCUB			SCUB		
	DEB	C.A	RATIO	DEB	C.A	RATIO	DEB	C.A	RATIO	DEB	C.A	RATIO
2003-2004	7904.74	4961.18	1.59	1540.38	1336.77	1.15	110.49	1298.80	0.08	8330.99	6108.44	1.36
2004-2005	1029.49	5071.82	0.20	8543.38	1042.83	8.19	656.99	1273.10	0.51	4132.45	8410.97	0.49
2005-2006	1114.49	5549.26	0.20	7711.22	8900.36	0.86	654.66	1249.10	0.52	6631.64	2985.90	2.22
2006-2007	1317.49	6752.38	0.19	6698.00	1117.61	5.99	506.16	1234.92	0.40	7996.59	3377.37	2.36
2007-2008	1624.00	9225	0.17	3342.38	1142.29	2.92	106.16	1273.10	0.08	1061.14	2824.59	0.37
2008-2009	1786.00	1000	1.78	1162.88	1434.04	0.81	300.16	1378.30	0.21	4623.10	6904.00	0.66
2009-2010	2163.58	8575.47	0.25	1188.72	1323.40	0.89	444.16	1287.80	0.34	176.37	4517.69	0.39
2010-2011	2314.84	1156.78	2.00	7904.74	1563.82	5.05	431.77	2001.10	0.21	1855.94	2556.52	0.72
2011-2012	2595.48	1117.67	2.32	3774.40	1480.14	2.55	367.22	6839.10	0.05	1567.33	4199.53	0.37
2012-2013	3051.72	1556.90	1.96	3907.33	1592.01	2.45	513.73	3270.49	0.15	1017.03	1911.69	0.53
AVERAGE	**24901.83**	**44966.46**	**0.55**	**45773.43**	**20933.27**	**2.18**	**4091.5**	**21105.81**	**0.19**	**33231.58**	**43868.7**	**0.75**

CONCLUSION

The current ratio was higher than the rule thumb of 2:1. A high ratio was observed in Nammakal Cooperative Urban Bank in the year 2005-06 i.e.52.06. The liquid ratio was higher than the rule thumb of 1:1. A high ratio was observed in Tirupur Cooperative Urban Bank in the year 2011-12.i.e.25.17. The absolute liquid ratio was higher than the rule thumb of 1:2. A high ratio of observed in Erode Cooperative Urban Bank in the year 2008-2009 i.e. 14.09. The net working capital to current liability ratio various from 0.85 to 3.65 times in ECUB, 2.63 to 1.03 times in NCUB, 1.77 to 8.28 times in TCUB, 3.68 to 0.35 times in SCUB. The highest ratio (24.23) was observed in Tirupur Cooperative Urban Bank in the year 2011-2012. The net working capital to net worth ratio varies from 0.44 to 8.34 times in ECUB, 1.27 to 7.49 times in NCUB, 1.49 to 2.33 times in TCUB, 1.28 to 1.23 times in SCUB. The highest ratio (8.34) was observed in Erode Cooperative Urban Bank in the year 2012-2013. The cash to current asset ratio varies from 0.44 to 6.35times in ECUB, 5.98 to 2.81 times in NCUB, 0.76 to 0.72 times in TCUB, 0.25 to 1.29 times in SCUB. The highest ratio (6.35) was observed in Erode Cooperative Urban Bank in the year 2012-2013. The debtors to current asset ratio varies from 1.59 to 1.96 times in ECUB, 1.15 to 2.45 times in NCUB, 0.08 to 0.15 times in TCUB, 1.36 to 0.53 times in SCUB. The highest ratio (5.99) was observed in Nammakal Cooperative Urban Bank in the year 2006-2007.

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