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# A Research Study on Financial Performance of Cooperative Bank with Special Reference of Rajasthan State Co Operative Bank Ltd (RSCB)

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**ABSTRACT:** Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It is measured through various business-related formulas that allow users to calculate exact details regarding a company's potential effectiveness. Profitability is the ability of a business to earn profit as Profitability is a measure of efficiency. It indicates the efficiency or effectiveness with which the operations of the business are carried on. A business that is not profitable cannot survive. Increasing profitability is one of the most important tasks of the business. These potential changes can be analyzed with a support of income statement and balance sheet. The objective of this study is overall profitability analysis based on income statement and balance sheet of Rajasthan State Co Operative Bank Ltd (RSCB).

**KEYWORDS:** Profitability, Financial Statement, Cooperative Banks

## I. INTRODUCTION

The RStC Bank has successfully completed almost six decades of services to the state of Rajasthan The Rajasthan State Co-Operative Bank Ltd.(RStCB) was established & registered under Rajasthan Cooperative Societies act on October 14th, 1953. It is an APEX Institution of the District Central Co-Operative Banks (DCCBs) functioning in the state.<sup>1</sup> Profitability refers to the profits or gains a business makes in relation to its expenses. Therefore, profitability analysis refers to the process of calculating or analyzing the profits of a business. It helps businesses identify their revenue streams and where they can reduce their expenses to generate maximum gains.<sup>2</sup>

## II. REVIEW OF LITERATURE

**Athanasoglou, et al. (2006)** study the profitability behavior of the south eastern European banking industry over the period 1998–02. The empirical results suggest that the enhancement of bank profitability in those countries requires new standards in risk management and operating efficiency, which, according to the evidence presented in the paper, crucially affect profits. A key result is that the effect of market concentration is positive, while the picture regarding macroeconomic variables is mixed.<sup>3</sup>

**Carl Felsenfeld (2007)** outlined the patterns of international Banking regulation and the sources of governing law. He reviewed the present practices and evolving changes in the field of control systems and regulatory environment. The book dealt a wide area of regulatory aspects of Banking in the United States, regulation of international Banking, international Bank services and international monetary exchange.<sup>4</sup> The work attempted in depth analysis of all aspects of Bank Regulation and Supervision.

## III. RESEARCH METHODOLOGY

- **Objective of the study:**
- To detail study about Rajasthan State Co Operative Bank Ltd (RSCB).
- To Analysis the profitability of Rajasthan State Co Operative Bank Ltd (RSCB).
- To Make Finding and Suggestion.<sup>5</sup>



**Data Collection:**

**Secondary data** is the data that has already been collected through primary sources and made readily available for researchers to use for their own research. This research is based on Secondary Data which is collected from (RSCB).<sup>6</sup>

**Time Duration:**

For study two years **2016- 2017 to 2017-2018** was taken for study.

**Type of research:** Descriptive Research Methodology was used for study.

**1. Balance Sheet:**In financial statement analysis, an organization’s balance sheet is looked at to determine the operational efficiency of a business.

Firstly, asset analysis is conducted and is primarily focused on more important assets such as cash and cash equivalents, inventory, and PP&E, which help predict future growth.

Next, long-term and short-term liabilities are examined in order to determine if there are any future liquidity problems or debt-repayment that the organization may not be able to cover.

Lastly, a company’s owner’s equity section is inspected, allowing the user to determine the share capital distributed inside and outside of the organization.<sup>7</sup>

**2. Income Statement:**In financial statement analysis, a business’s income statement is investigated to determine overall present and future profitability.

Examining a company’s previous and current fiscal years income statement enables the user to determine if there is a trend in revenue and expenses, which in turn, shows the potential to increase future profitability.<sup>8</sup>

**Limitations of the study:**

- Based on Secondary Data
- Limited Time Period
- Only income statement and balance sheet are taken for the study.

**Data Analysis and Interpretation: Balance sheet of Rajasthan State Co Operative Bank Ltd (RSCB) as on 31-03-2017 and 31-03-2018**

Particulars	Current Year	Previous Year	Increase/Decrease	% Change
<b>Balance sheet</b>	<b>31-03-2018</b>	<b>31-03-2017</b>		
Share capital	39826.70	39826.70	0.00	0.00%
Reserves & Surplus	73407.93	70150.50	3257.43	4.64%
Deposits	283465.22	417682.65	-134217.43	-32.13%
Borrowings	697701.89	729115.10	-31413.21	-4.31%
Other Liab. & Provisions	13574.43	33968.94	-20394.51	-60.04%
<b>Total Liabilities</b>	<b>1107976.17</b>	<b>1290743.89</b>	<b>-182767.72</b>	<b>-91.84%</b>
Cash & Bank Balance	108981.53	83851.49	25130.04	29.97%
Investments	222413.38	380814.64	-158401.26	-41.60%



Loan & Advances	753186.82	810254.65	-57067.83	-7.04%
Other Assets	23394.44	15823.11	7571.33	47.85%
<b>Total Assets</b>	<b>1107976.17</b>	<b>1290743.89</b>	<b>-365535.44</b>	<b>-62.66%</b>
<b>Profit &amp; Loss Account</b>				
Interest Income	66041.48	70264.15	-4222.67	-6.01%
Other Income	135.48	123.16	12.32	10.00%
<b>Total Income</b>	<b>66176.96</b>	<b>70387.31</b>	<b>-4210.35</b>	<b>-5.98%</b>
Interest Expenditure	54098.80	59227.61	-5128.81	-8.66%
Other Expenditure	4354.25	3860.74	493.51	12.78%
Provisions & Contingencies	5160.84	3119.36	2041.48	65.45%
<b>Total Expenditure</b>	<b>63613.89</b>	<b>66207.71</b>	<b>-2593.82</b>	<b>-3.92%</b>
<b>Profit /Loss</b>	<b>2563.07</b>	<b>4179.60</b>	<b>-1616.53</b>	<b>-38.68%</b>
<b>Rs. In Lacs</b>				
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**Analysis and interpretation:**

Loans and Advances were reduced by 7.04% and investments were reduced by 41.60% when compared to FY 2016-17. The cash and Bank balance was increased by 29.97%. Deposits were reduced by 32.13%, borrowings were reduced by 4.31% and other liabilities were reduced by 60.04%.<sup>9</sup> This means Bank had generated liquidity through selling off its investments and recovery from the loans and advances. The amount was utilized in paying off the liabilities. There was an increase in reserves by 4.64% which shows that there was increase in profits during the year 2017-18.

**Analysis and interpretation:**

Owing to decrease in the Loans and advances and investments, Bank’s Interest income was reduced by 6.01%. Interest expenditure was also reduced by 8.66% due to decrease in the deposits and borrowings for the Bank, when compared to FY 2016-The Overall total income was reduced by 5.98% and total expenditure was reduced by 3.92%.<sup>10</sup>

**III.FINDINGS**

1. **Loans and Advances** were reduced by 7.04% and investments were reduced by 41.60% when compared to FY 2016-17. The cash and Bank balance was increased by 29.97%. Deposits were reduced by 32.13%, borrowings were reduced by 4.31% and other liabilities were reduced by 60.04%.

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2.**Rajasthan State Co Operative Bank Ltd (RSCB)** Owing to decrease in the Loans and advances and investments, Bank’s Interest income was reduced by 6.01%. Interest expenditure was also reduced by 8.66% due to decrease in the



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#### **IV.CONCLUSION**

Through the present research study on Financial performance of RSCB.we can conclude that RSCB have good Profit generating ability and better capital efficiency with better performance. Profitability position of the company should always be monitored and should be high so that the investors don't mind for paying a high price for the share and profitability is very important financial aspect where everyone's eye is on and proper efforts and best management practices should be made to improve the overall profitability of the RSCB.Comparative financial statement analysis helps to found the differences in bank operations based on the formation of banks.<sup>10</sup>

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