

Ratio Analysis of Co-operative Bank of Surat

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Abstract— Banking Sector plays an important role in economic development of a country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. Non-performing Asset is an important parameter in the analysis of financial performance of a bank as it results in decreasing margin and higher provisioning requirements for doubtful debts. NPA is a virus affecting banking sector. It affects liquidity and profitability, in addition posing threat on quality of asset and survival of banks. The purpose of this paper is to examine and compare the financial performance of Varachha co-operative bank, Sarvodaya Sahkari Pvt. Ltd. & Surat National Co-operative Bank respectively by using different Ratio Analysis, Anova table and Common Size Statement. The data used for the study was entirely secondary in nature. The data used for analysis of ratio is from the year 2007-08 to 2011-12. The findings reveals that the NPA of Varachha co-operative bank is lower as compared to two other banks and its indicate that shareholder's risk to the bank is constantly reducing.

Index Terms— Anova Table, Co-operative Bank, Non-Performing Assets, Common Size Statement, Surat.

I. INTRODUCTION

A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts...). Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a co-operative federation or central body. Even if their organizational rules can vary according to their respective national legislations, co-operative banks share common features.

The co-operative credit sector in India comprises rural co-operative credit institutions and urban co-operative banks. The rural co-operative credit institutions comprise of institutions such as state co-operative banks, District central co-operative banks, and primary agriculture credit societies, which specialize in short term credit, and institution such as state co-operative agriculture and rural development banks and primary co-operative agriculture, which specialize in long term credit.

II. NPA (NON-PERFORMING ASSETS)

An asset which ceases to generate income of the bank is called non-performing asset. The past due amount remaining uncovered for the two quarter consequently the amount would be classified as NPA for the whole year. It includes borrowers' defaults or delays in interest or principal repayment. An asset is classified as Non-performing Asset (NPA) if the borrower not pays due in the form of principal and interest for a period of 180 days. However with effect from March 2004, default status would be given to a borrower if dues are not paid for 90 days. If any advance or credit facilities granted by banks to a borrower become non-performing, then the bank will have to treat all the advances/credit facilities granted to that borrower as non-performing without having any regard to the fact that there may still exist certain advances / credit facilities having performing status.

Though the term NPA cannot a financial asset of a commercial bank, which has stopped earning an expected reasonable return, it is also a reflection of the productivity of the unit, firm, concern, industry and nation where that asset is idling.

The definition of NPAs in Indian context is certainly more liberal with two quarters norm being applied for classification of such assets. The RBI is moving over to one-quarter norm from 2004 onwards.

The primary Co-operative banks should classify their assets into the following board groups:-

- Standard Assets
- Sub-standard Assets
- Doubtful Assets
- Loss Assets

III. OBJECTIVE OF THE STUDY

- To examine the financial performance of Varachha Co-operative Bank, Sarvodaya Sahkari Pvt. Ltd. and Surat National Co-operative Bank.
- To compare the financial performance of Varachha Co-operative Bank, Sarvodaya Sahkari Pvt. Ltd. and Surat National Co-operative Bank.
- To assess the performance of Bank.
- To assess the growth potential of the banks

IV. METHODOLOGY

My methodology is divided in three parts namely:

- Ratio Analysis
- Anova Table

- Common Size Statement of Banks

V. RESULT ANALYSIS

RATIO ANALYSIS

Following ratio are used for analysis of Co-operative Bank:-

1. Gross NPA Ratio:

Gross NPA is the sum of all loan asset that are classified as the NPA as per guidelines as on balance sheet date. Gross NPA ratio is the ratio of gross NPA to gross advances of the bank.

$$\text{Gross NPA Ratio} = \frac{\text{Gross NPA}}{\text{Gross Advance}} \times 100$$

Table 1- Gross NPA of three Co-operative Bank

Year	VARACHHA CO-OPERATIVE BANK			THE SARVODAY SAHKARI BANK.LTD			SURAT NATIONAL CO OP. BANK LTD		
	Gross NPA	Gross advances	Gross NPA ratio	Gross NPA	Gross advances	Gross NPA ratio	Gross NPA	Gross advances	Gross NPA ratio
2007-2008	221.02	8022.67	2.75	407.46	7859.10	5.18	275.5	8820.48	3.12
2008-2009	212.93	9203.17	2.31	357.44	8417.91	4.25	226.85	9540.38	2.38
2009-2010	222.63	9488.67	2.35	359.75	10484.60	3.43	204.57	11648.66	1.76
2010-2011	55.84	11587.98	0.48	380.07	12273.81	3.10	183.68	14949.15	1.23
2011-2012	55.62	15588.10	0.36	319.86	14405.85	2.22	181.72	18488.74	0.98

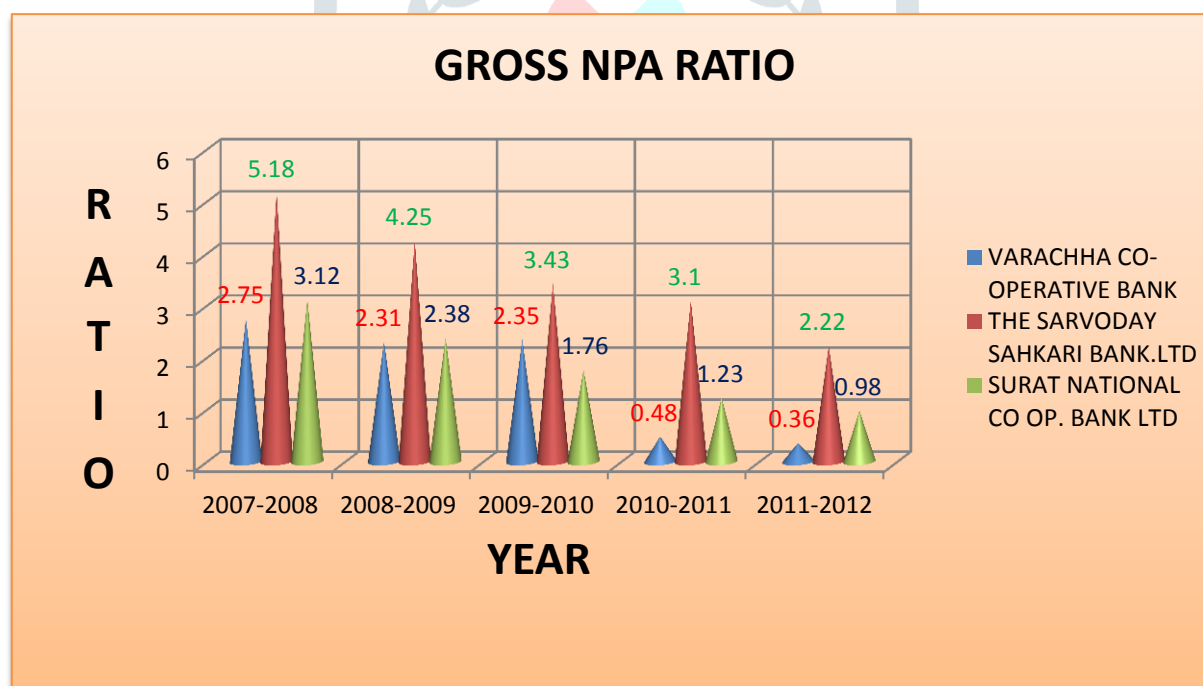


Chart 1- Gross NPA Ratio

- Above table and chart indicate quality of credit portfolio of the bank. High gross NPA ratio indicates low quality credit portfolio of the bank and vice-versa. We can see by graph that gross NPA ratio is high in 2007-2008 which shows low quality portfolio and reason for that is gross NPA has increased. It has reduced in year 2010 which shows bank afford towards making higher quality of portfolio.
- In 2007-2008 Gross NPA ratio was 2.75% which was higher than other 5 year. in 2008-2009 it was 2.31%, in 2011-2012 it is 0.36%.
- Where as in Sarvodaya bank gross NPA in 2007-2008 was 5.18%, in 2008-2009 it was 4.25%, and in 2011-2012 it is 2.22% which is 1.86% higher than Varachha Co-operative Bank.
- And in Surat national co-operative bank gross NPA in 2007-2008 was 3.12. And in 2011-2012 it is 0.98%. which is 0.62% higher than Varachha Co-operative Bank.

Table 2- Summary of Gross NPA Ratio using Anova Table

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	5	8.25	1.65	1.29215		
Column 2	5	18.18	3.636	1.27393		
Column 3	5	9.47	1.894	0.75838		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	11.73049333	2	5.86524667	5.292811464	0.022495468	3.88529383
Within Groups	13.29784	12	1.10815333			
Total	25.02833333	14				

Discussion:

$F_{cal} > F_{tab}$ so null hypothesis H_0 is rejected. Therefore, no significance difference in Gross NPA Ratio of sample units is accepted.

2.Problem Assets Ratio:

It is the ratio of gross NPA to total assets of the bank.

$$\text{Problem Asset Ratio} = \frac{\text{Non Performing assets}}{\text{Total assets}} \times 100$$

Table 3- Problem Assets Ratio of three Co-operative Bank

Year	VARACHHA CO-OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SURAT NATIONAL CO OP. BANK LTD		
	(Amt in lakhs)	Amt in Rs.		(Amt in lakhs)	Amt in Rs.		(Amt in lakhs)	Amt in Rs.	
	Gross NPA	Total Assets	Problem Asset Ratio	gross NPA	Total Assets	Problem Asset Ratio	gross NPA	Total Assets	Problem Asset Ratio
2007-2008	221.02	2177365169.30	1.01	407.46	1977823649.26	0.24	275.5	2051265753.90	1.34
2008-2009	212.93	2269056555.14	0.94	357.44	2212755735.36	1.62	226.85	2391896829.94	0.95
2009-2010	222.63	2883547600.66	0.77	359.75	2508176903.34	1.43	204.57	2712901190.18	0.75
2010-2011	55.84	3442372149.87	0.16	380.07	2769221480.97	1.37	183.68	3121342774.81	0.59
2011-2012	55.62	3708350513.14	0.15	319.86	3052592200.88	1.05	181.72	3507827662.41	0.52

- It has direct bearing on return on asset as well as the liquidity risk management of the bank. High problem asset ratio means high liquidity. This ratio is gradually decreasing which shows efficient management of NPA by the bank which is good indicator of bank's performance. In 5 year it is decreased and it shows continuous improvement of bank. In 2007-2008 it was 1.01%, and after that it is 0.15% in 2011-2012.
- In Sarvodaya Problem asset Ratio in 2007-2008 was 0.24.which is less but after that it is increase in 2011-2012and now it is 1.05%.It is bad for bank.
- In Surat national bank problem asset Ratio was 1.345 in 2007-2008 which was higher than other 2 bank. But now it is 0.52% in 2011-2012.so it also shows continuous improvement in NPA.

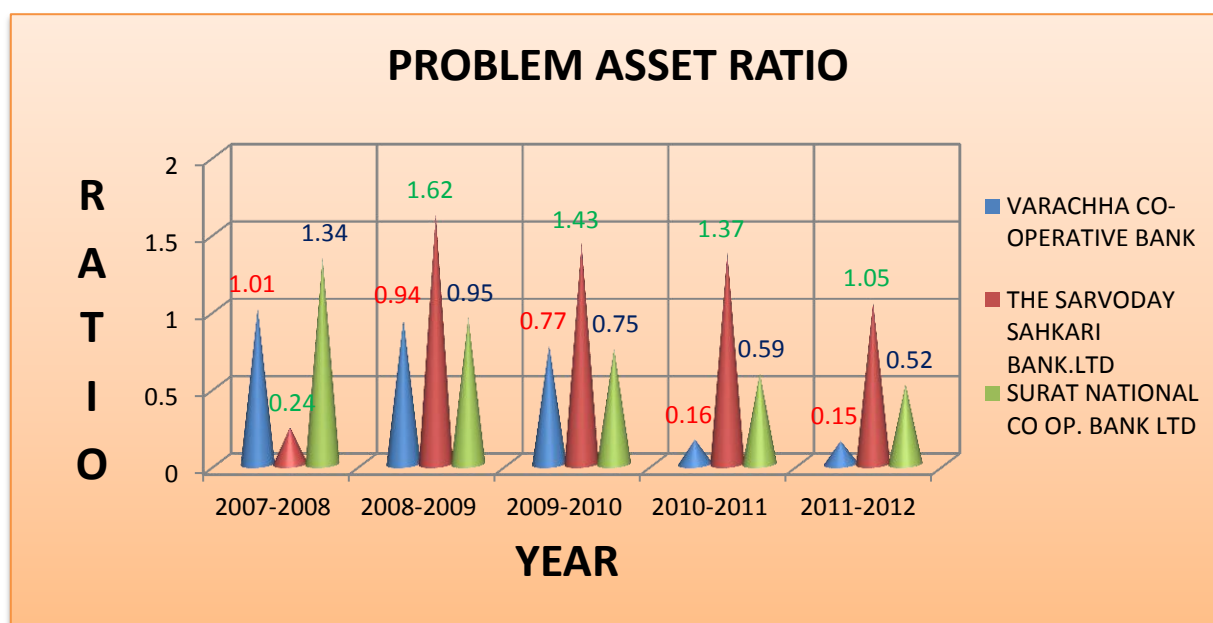


Chart 2- Problem Asset Ratio

Table 4- Summary of Problem Asset Ratio using Anova Table

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	5	3.03	0.606	0.17713		
Column 2	5	5.71	1.142	0.29637		
Column 3	5	4.15	0.83	0.10865		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.724693333	2	0.362347	1.867285064	0.196769681	3.885293835
Within Groups	2.3286	12	0.19405			
Total	3.053293333	14				

Discussion:

$F_{cal} < F_{tab}$ so null hypothesis H_0 is accepted. Therefore, no significance difference in Problem Asset Ratio of sample units is rejected.

3. Depository Safety Ratio:

It is also known as standard asset to total outside liabilities ratio. Here, standard assets mean loan assets and investment outside liabilities minus capital & reserve.

$$\text{Depository's safety ratio} = \frac{\text{Total Standard Asset}}{\text{Total Outside Liabilities}} \times 100$$

Table 5- Depository's Safety Ratio of three Co-operative Bank

Year	VARACHHA CO-OPERATIVE BANK			THE SARVODAY SAHKARI BANK.LTD			SURAT NATIONAL CO OP. BANK LTD		
	(Amt in lakhs)	Amt in Rs.		(Amt in lakhs)	Amt in Rs.		(Amt in lakhs)	Amt in Rs.	
	Total Std. Asset	Total Outside Liabilities	DSR	Total Std. Asset	Total Outside Liabilities	DSR	Total Std. Asset	Total Outside Liabilities	DSR
2007-2008	7801.84	1753955955.49	44.48	7451.64	1668146117.7	44.67	8577.45	1895345566.45	45.26
2008-2009	8990.24	1807918732.22	49.72	8060.46	1870290521.6	43.1	9313.53	2019633865.77	46.11
2009-2010	9266.04	2382953561.2	38.88	10124.85	2139771111.4	47.32	11444.09	2325958297.4	49.20
2010-2011	11532.14	2875129082.36	40.10	11893.74	2370831185.8	50.17	14765.47	2697710520.56	54.73
2011-2012	15532.48	3070612274.4	50.58	14086.18	2595760979.4	54.27	18307.02	3039426986.65	60.23

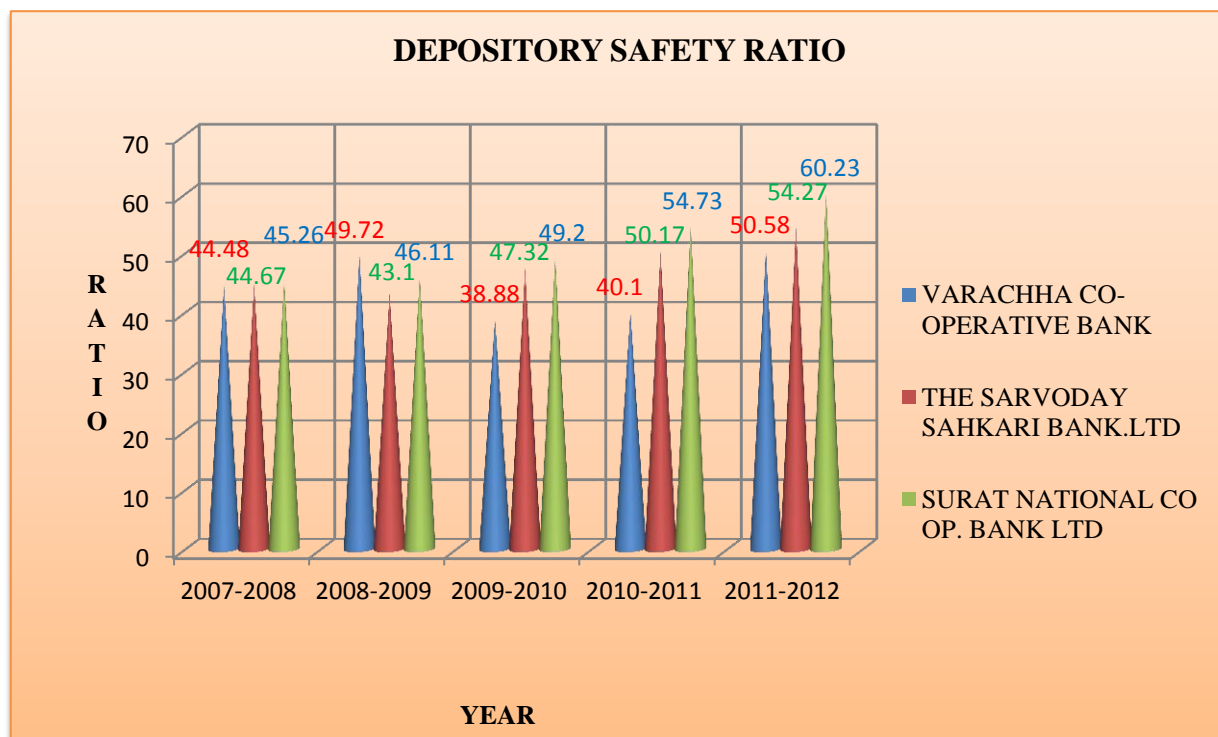


Chart 3- Depository Safety Ratio

- It indicates the degree of the safety depositors. Further it also shows that the ratio is 44.48% in year 2007-2008, which shows the lower safety to depositors than other bank. In 2011-2012 it was increased and became 50.28%, but still it is lower than other Co-operative Bank.
- In Sarvodaya Co-operative Bank depository safety Ratio was 44.67% and after that in 2011-2012 it becomes 54.27% which shows continuous improvement. And also it is higher than Varachha co-operative bank.
- In Surat National co-operative bank depository safety ratio was 45.26% and in 2011-2012 it is 60.23%.
- It shows the bad position of the Varachha co-operative bank in comparison to other bank, so, now Varachha co-operative bank has a chance to improve its Depository safety Ratio.

Table 6- Summary of Depository's Safety Ratio using Anova Table

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	5	223.76	44.752	28.71052		
Column 2	5	239.53	47.906	19.88473		
Column 3	5	255.53	51.106	39.78733		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	100.9350533	2	50.46753	1.713036438	0.221592575	3.885293835
Within Groups	353.53032	12	29.46086			
Total	454.4653733	14				

Discussion:

Since $f_{cal} < f_{tab}$ so null hypothesis H_0 is accepted. Therefore, no significant difference in Problem Asset Ratio of sample units is rejected.

In recent years a paradox has been observed in NPA management of Indian banks. While the gross and net NPA level of most banks have come down in percentage terms, in absolute terms the amount is increasing. It has been possible because of the rapid growth in gross credit in recent times. Therefore the criteria of gross NPA as well as net NPA percentage cannot be the only yardstick for measurement and rating of banks for NPA reduction. They vary widely and play a significant role in the quality of NPA management of banks. For e.g. The NPA reduction by maximum compromise and write off is significantly different from the NPA reduction by up gradation. Similarly, the gross NPA to gross advances may be higher in banks; but its gross NPA to total Assets may be lower in comparison to other banks. When RBI has adopted stringent prudential norms for maintaining good health of the banks, it is therefore, necessary that for effective supervision, RBI/ bank board's should adopt a standardized rating model to grade bank with respect to the quality of NPA management being adopted by them. The NPA management rating should be one of the parameters for evaluation of performance of all commercial banks.

Data of Non – Performing Assets for Last Five Years is as follow:

- For 2008

Table 1 - Data of non – performing assets of 2008

ASSETS	VARACHHA CO- OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Total NPA	37	221.02	2.75	208	407.46	5.18	237	275.5	3.12
Standard Assets	8962	7801.84	97.25	2662	7451.64	94.82	3184	8544.98	96.9
Total Advances	8999	8022.86	100	2870	7859.10	100	3421	8820.48	100
% of NPA to total advances	2.75			5.18			3.12		

Table 2 - Data of non – performing assets of 2008

ASSETS	VARACHHA CO- OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Sub-standard assets	3	9.27	0.12	149	122.70	1.56	21	45.01	0.51
Doubtful assets	22	192.48	2.39	45	189.71	2.41	24	49.09	0.56
Loss assets	12	19.27	0.24	14	95.05	1.21	192	181.40	2.05
Total NPA	37	221.02	2.75	208	407.46	5.18	237	275.5	3.12

In 2008, the NPA in The Varachha co-operative bank was in Rs.221.02 Lakhs and 2.75% NPA and total Advances was Rs. 8022.86 lakhs and standard assets was in Rs.7801.84 Lakhs. There was substandard asset Rs.9.27 Lakhs. There was a doubtful asset Rs.192.48 Lakhs. There was Loss assets Rs.19.27 lakhs. We can see NPA in the Varachha co-operative bank was 221.02 lakhs and 2.75% and in Sarvodaya sahkari bank it was 407.46 Lakhs and 5.18%, and in Surat national co-op bank it was 275.5 Lakhs and 3.12%. So overall it was less in Varachha co-operative bank.

- For 2009

Table 3 - Data of non – performing assets of 2009

ASSETS	VARACHHA CO- OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount(in lakhs)	IN (%)
Total NPA	31	212.93	2.31	168	357.44	4.25	220	226.85	2.38
Standard Assets	9184	8990.24	97.69	2597	8060.46	95.75	3450	9313.53	97.62
Total Advances	9215	9203.17	100	2765	8417.91	100	3670	9540.38	100
% of NPA to total advances	2.31			4.25			2.38		

Table 4 - Data of non – performing assets of 2009

	VARACHHA CO- OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
ASSETS	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount(i n lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Sub-standard assets	-	-	-	83	60.43	0.72	17	28.27	0.3
Doubtful assets	15	190.13	2.06	71	202.11	2.40	29	35.55	0.37
Loss assets	16	22.80	0.25	14	94.90	1.13	184	163.03	1.71
Total NPA	31	212.93	2.31	168	357.44	4.25	230	226.85	2.38

In 2009, the NPA in The Varachha co-operative bank was in Rs.212.93 Lakhs and 2.31% NPA and total Advances was in Rs.9203.17 lakhs and standard assets was in Rs.8990.24 Lakhs. There was a doubtful asset Rs.212.93 Lakhs. There was decline in to NPA in Rs.212.93 from 221.02 and in Percentage 2.31% from 2.75%. We can see NPA in the Varachha co-operative bank was 212.93 lakhs and 2.31% and in Sarvodaya Sahkari bank it was 357.44 Lakhs and 4.25%, and in national bank it was 226.85 Lakhs and 2.38%. So overall it was continuous improvement in NPA in all banks.

- For 2010

Table 5 - Data of non – performing assets of 2010

ASSETS	VARACHHA CO- OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Total NPA	23	222.63	2.35	103	359.75	3.43	207	204.57	1.76
Standard Assets	7716	9266.04	97.6	2837	10124.8	96.57	3693	11444.09	98.24
Total Advances	7739	9488.67	100	2940	10484.6	100	3900	11648.66	100
% of NPA to total advances	2.35			3.43			1.76		

Table 6 - Data of non – performing assets of 2010

	VARACHHA CO-OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
ASSETS	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Sub-standard assets	2	24.81	0.26	54	101.59	0.97	11	20.29	0.17
Doubtful assets	-	-	-	35	163.40	1.56	19	20.32	0.18
Loss assets	21	197.82	2.08	14	94.76	0.90	177	163.96	1.41
Total NPA	23	222.63	2.35	103	359.75	3.43	207	204.57	1.76

In 2010, the NPA in The Varachha co-operative bank was in Rs.222.63 Lakhs and 2.35% NPA and total Advances was Rs.9488.67 lakhs and standard assets was in Rs.9266.04 Lakhs. There was substandard asset Rs.24.81 Lakhs. There was Loss assets Rs.197.82 lakhs. There was increase in NPA in Rs.10.30 Lakhs compare to last year, and in a percentage 2.35% from 2.31%.

We can see NPA in the Varachha co-operative bank was 222.63 lakhs and 2.35% and in Sarvodaya sahkari bank it was 357.44 Lakhs and 4.25%, and in national bank it was 204.57 Lakhs and 1.76%. In 2010 change the position of NPA. in that NPA increase in Varachha bank from 2.31% to 2.35%.

- For 2011

Table 7 - Data of non – performing assets of 2011

ASSETS	VARACHHA CO-OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Total NPA	5	55.84	0.48	88	380.07	3.10	194	183.68	1.23
Standard Assets	6588	11532.14	99.52	3073	11893.74	96.9	4068	14765.47	98.77
Total Advances	6593	11587.98	100	3161	12273.81	100	4262	14949.15	100
% of NPA to total advances	0.48			3.10			1.23		

Table 8 - Data of non – performing assets of 2011

ASSETS	VARACHHA CO-OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Sub-standard assets	-	-	-	36	145.89	1.19	3	2.94	0.02
Doubtful assets	-	-	-	23	53.70	0.44	13	17.21	0.12
Loss assets	5	55.84	0.48	29	180.48	1.47	178	163.53	1.09
Total NPA	5	55.84	0.48	88	380.07	3.10	194	183.68	1.23

Total Advances was Rs.11587.98 lakhs and standard assets were in Rs.11532.14 Lakhs. There was Loss assets Rs.55.84 lakhs. There was decrease in NPA in Rs.166.79 Lakhs compare to last year, And In a percentage 0.48% from 2.35%. We can see NPA in the varachha co-operative bank was 55.84 lakhs and 0.48% and in Sarvodaya sahkari bank it was 380.07 Lakhs and 3.10%, and in surat national bank it was 183.68 Lakhs and 1.23%. So overall it was continuous improvement in NPA in all banks.

- For 2012

Table 9 - Data of non – performing assets of 2012

ASSETS	VARACHHA CO-OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Total NPA	5	55.62	0.36	67	319.68	2.22	166	181.72	0.98
Standard Assets	7967	15532.48	99.64	3398	14086.18	97.78	4231	18307.02	99.02
Total Advances	7972	15588.10	100	3464	14405.85	100	4397	18488.74	100
% of NPA to total advances	0.36			2.22%			0.98%		

Table 10 - Data of non – performing assets of 2012

	VARACHHA CO- OPERATIVE BANK			THE SARVODAYA SAHKARI BANK.LTD			SUART NATIONAL CO OP. BANK LTD		
ASSETS	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)	No. of A/C	Amount (in lakhs)	IN (%)
Sub-standard assets	-	-	-	29	61.19	0.43	3	4.56	0.02
Doubtful assets	-	-	-	13	101.56	0.70	10	5.52	0.03
Loss assets	5	55.62	0.36	25	156.93	1.09	153	171.64	0.93
Total NPA	5	55.62	0.36	67	19.86	2.22	166	181.72	0.98

In 2012, the NPA in The Varachha co-operative bank was in Rs.55.62 Lakhs and 0.36% NPA and total Advances was Rs.15588.10 lakhs and standard assets was in Rs.15532.8 Lakhs. We can see NPA in the Varachha co-operative bank was 55.62 lakhs and 0.36% and in Sarvodaya sahkari bank it was 319.86 Lakhs and 2.22% and in Surat National bank it was 181.72 Lakhs and 0.98%.

So overall it was continuous improvement in NPA in all banks.

From 2008-2012 Annual data we can say that all above three banks doing continuous improvement. And it is good for co-operative banking sector.

• COMMON SIZE STATEMENT

Data of Common size Statement of NPA of Varachha Co-Operative Bank

Table 11 – Common size Statement of NPA of Varachha Co-Operative Bank

Year	2008		2009		2010		2011		2012	
	Amount	IN %	Amount	IN %	Amount	IN %	Amount	IN %	Amount	IN %
Total advances	8022.67	100	9203.17	100	9488.67	100	11587.98	100	15588.10	100
Standard assets	7801.84	97.25	89990.24	97.69	9266.04	97.65	11532.14	99.52	15532.48	99.64
NPA	221.02	2.75	212.93	2.31	222.63	2.35	55.84	0.48	55.62	0.36
Sub-standard Assets	9.27	0.12	-	-	24.81	0.26	-	-	-	-
Doubtful asset	192.48	2.39	212.93	2.31	-	-	-	-	-	-
Loss Asset	19.27	0.24	-	-	197.82	2.09	55.84	0.48	55.62	0.36

From the above diagram we can say that the total advance which is given to public is increased fastly but decline in to NPA. It shows good working system of loan department. They made extra ordinary effort to their work in recovery and loan sanctioning part. Total advances rise from Rs.8022.67 to Rs.11588.10 while NPA decrease from Rs.221.02 to Rs. 55.62 in percentage in 2008 it was 2.75% and now it is 0.36% in Varachha co-operative bank.

Data of Common size Statement of NPA of Sarvodaya Sahkari Bank**Table 12 - Common size Statement of NPA of Sarvodaya Sahkari Bank**

Year	2008		2009		2010		2011		2012	
	Amount	IN %	Amount	IN %	Amount	IN %	Amount	IN %	Amount	In %
Total advances	7859.10	100	8417.91	100	10484.60	100	12273.81	100	14405.85	100
Standard assets	7451.64	94.82	8060.46	95.75	10124.85	96.57	11893.74	96.9	14086.18	97.78
NPA	407.46	5.18	357.44	4.25	359.75	3.43	380.07	3.10	319.86	2.22
Sub-standard assets	122.70	1.56	60.43	0.72	101.59	0.97	145.89	1.19	61.19	0.43
Doubtful asset	189.71	2.41	202.11	2.40	163.40	1.56	53.70	0.44	101.56	0.70
Loss asset	95.05	1.21	94.90	1.13	94.76	0.90	180.48	1.47	156.93	1.09

From the above diagram we can say that the total advance which is given to public is increased fastly but decline in to NPA. It shows good working system of loan department. They made extra ordinary effort to their work in recovery and loan sanctioning part Total advances rise from Rs.7859.10 to Rs.14405.85 while NPA decrease from Rs.407.46 to Rs. 319.86 lakhs and in percentage in 2008 it was 5.18% and now it is 2.22% in Sarvodaya Sahkari bank.

Data of Common size Statement of NPA of Surat National Co-operative Bank Ltd.**Table 13 - Common size Statement of NPA of Surat National Co-operative Bank**

Year	2008		2009		2010		2011		2012	
	Amount	IN %	Amount	IN %	Amount	IN %	Amount	IN %	Amount	IN %
Total advances	8820.48	100	9540.38	100	11648.66	100	14949.15	100	18488.74	100
Standard assets	8577.45	96.96	9313.53	97.67	11444.09	98.24	14765.47	98.77	18307.02	99.02
NPA	275.5	3.12	226.85	2.38	204.57	1.76	183.68	1.23	181.72	0.98
Sub-standard assets	30.54	0.38	28.27	0.29	20.29	0.17	2.94	0.02	4.56	0.02
Doubtful asset	31.09	0.39	35.55	0.37	20.32	0.18	17.21	0.12	5.52	0.03
Loss asset	181.40	2.27	163.03	1.67	163.96	1.41	163.53	1.09	171.64	0.93

From the above diagram we can say that the total advance which is given to public is increased fastly but decline in to NPA. It shows good working system of loan department. They made extra ordinary effort to their work in recovery and loan sanctioning part. Total advances rise from Rs.8820.48 to Rs.118488.74 while NPA decrease from Rs.275.5 to Rs. 181.72 lakhs and in percentage in 2008 it was 3.12 % and now it is 0.98 % in Surat National co-operative bank.

- NPA's TREND ANALYSIS**

Table 14 – NPA's Trend Analysis for all Banks

Years	VARACHHA CO-OPERATIVE BANK	THE SARVODAYA SAHKARI BANK.LTD	SUART NATIONAL CO - OP. BANK LTD
2007-2008	100 %	100%	100%
2008-2009	96.33%	87.72%	82.34%
2009-2010	100.7%	88.29%	74.25%
2010-2011	25.26%	93.28%	66.67%
2011-2012	25.17%	78.47%	65.96%

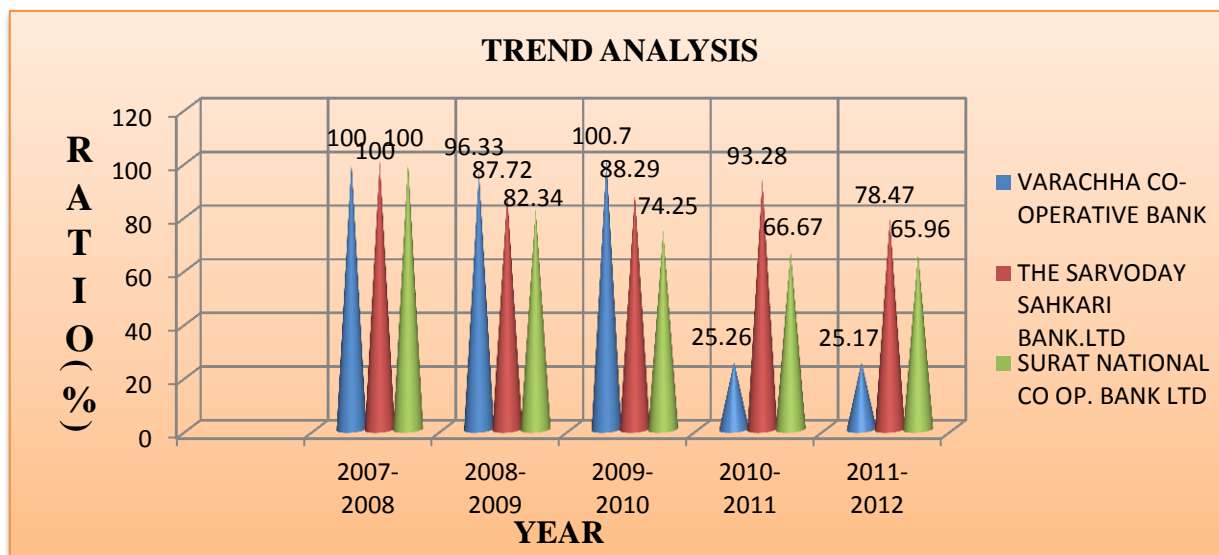


Chart – NPA's Trend Analysis for all Banks

From the above diagram we can conclude that the overall declining in the NPA leads good working system of the management towards the recovery. In 2007-08 the position of the NPA in Varachha bank was high, while now this position is decrease. It's creating good image in to the eyes of the shareholder and RBI .There is decreasing in to NPA about 74.83%. It is amazing efforts to reduce NPA. From the above diagram we can conclude that the overall declining in the NPA leads good working system of the management towards the recovery. In 2007-08 the position of the NPA in Sarvodaya Sahkari bank was high, while now this position is decrease. It's creating good image in to the eyes of the shareholder and RBI .There is decreasing in to NPA about 21.53%. It is amazing efforts to reduce NPA. From the above diagram we can conclude that the overall declining in the NPA leads good working system of the management towards the recovery. In 2007-08 the position of the NPA in Surat national bank was high, while now this position is decrease. It's creating good image in to the eyes of the shareholder and RBI .There is decreasing in to NPA about 34.04%. It is amazing efforts to reduce NPA. In overall, Varachha bank has to good trend of decline the NPA in compare to all other bank.

VI. FINDINGS & RECOMMENDATIONS

Findings

- It is apparent that the NPA has become a major problem of the urban co-operative banks.
- Poor resource base is the main constraint of the urban co-operative banks.
- Most of the UCBs follow conservative credit policy.
- Urban co-operative banks (Surat's Bank) are suffering from the lack of professional management and in most of the cases approach is very much casual.
- There is also need some improvement for recover it's NPA.

Recommendations

- The management should keep NPAs under control and reduce the net NPAs to the expected level so that the bank does not fall in lower category. It should adopt the strategies at two stages,i.e.Pre-sanction in depth scrutiny and Post-sanction supervision and follow up.
- It is advised to the management to manage their NPA and strictly scrutinize loan procedure.
- The urban co-operative bank should improve their recovery system.
- The bank needs to prepare a comprehensive perspective plan for product diversification to maintain a competitive edge in the market.
- The urban co-operative banks, with their new formed emphasis on prudential norms, need a high degree of professionalism in management.

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