

A Comparative Study of Financial Performance of Urban Cooperative Banks in Belgaum District, Karnataka

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Abstract

The Cooperative movement in India is one of the oldest in the world. It dates back to pre-independence days. The earliest of cooperatives can be traced to Conjeevaram in the erstwhile Madras Presidency, British India, more than a century ago. Cooperative banks have made significant contributions to the Indian Financial System in its might.

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Karnataka has been a leading contributor to the cooperative movement in India. Many cooperative banks have been operating from different places in the state. The deposit base of these banks in the state has clocked almost Rs. 35000 Crores for 2017.

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Belgaum is an important district in Karnataka. A few leading cooperative banks are based out of Belgaum. The cooperative movement has been very active in the district due to its proximity to Maharashtra. The performance of Urban Cooperative Banks based in Belgaum District is being undertaken using certain key parameters. The main statistical tool used is Data Envelopment Analysis.

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Introduction

Cooperative banks have rendered yeoman service to the nation as a visible player in the Indian Financial System. From the days of Baroda's AnyonyaSahakaraMandali to the present day Saraswat Bank, cooperative banks have come of age. Cooperative banks, located at urban and semi-urban centers, have been offering new age services within the ambit of the respective state's cooperative societies act as-well-as the principles of cooperation. The cooperative banks have been performing reasonably well throughout the country despite duality of control. The 97th amendment enacted aims at reducing state control over cooperatives while retaining the role of the central bank.

Urban Cooperative Banks are very popular in almost all the districts of Karnataka. The state capital, Bangalore, hosts a large number of cooperative banks. However, an equally active in the cooperative space is the Mumbai Karnataka region. Belgaum is an important district in the Mumbai Karnataka region that borders with Maharashtra. While Maharashtra is a leading player in the cooperative space, its success is extended to Belgaum due to its proximity. There are about 38 Urban Cooperative Banks throughout Belgaum District, with a deposit base of Rs. 2240 Crores. The total loans disbursed were around Rs. 1300 Crores for 2016-17.

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Objectives

The following are the objectives of the study:

1. To analyze the Relative Performance of the Urban Cooperative Banks in Belgaum District.
2. To assess the desired deployable funds of the Urban Cooperative Banks in Belgaum District for optimal results.
3. To assess the slack in deployable funds among the Urban Cooperative Banks in Belgaum District.
4. To estimate the desired quantum of funds of the Urban Cooperative Banks in Belgaum District to is deployed for optimal results.
5. To estimate the slack in deployed funds by the Urban Cooperative Banks in Belgaum District.

Scope

1. The Urban Cooperative Banks were selected only from Belgaum District, Karnataka.
2. Only the following financial parameters were considered for analysis:
 - a. Share Capital
 - b. Reserves & Surplus
 - c. Deposits
 - d. Loans & Advances, and
 - e. Investments
3. The analysis is undertaken for only one the financial year 2016-17.

Hypothesis

H01: There is no significant difference in the Relative Performance of the 38 Urban Cooperative Banks of Belgaum District.

H02: There is no significant difference in the slack in deployable funds among Urban Cooperative Banks in Belgaum District.

H03: There is no significant difference in the slack in deployed funds by the Urban Cooperative Banks in Belgaum District.

Review of Literature

(Rao & Rao, 2017) Et. Al. has analyzed the evolution and contemporary role of Urban Cooperative Banks in India. Urban Cooperative Banks have been able to reach the unbanked sections

of society. While this sector has been hit hard due to certain policy changes of Reserve Bank of India, the Urban Cooperative Banks look forward to restoring their past glory through innovative means.

(Prabakaran & Mayilvaganan, 2015) Has examined the working capital management of Kumbakonam Urban Cooperative Bank. KUCB has to improve its current assets for better stability. Due to this, it has a negative impact on the working capital of the bank. Thus, better working management shall ensure the increased solvency of the bank.

(Gupta & Jain, A study on Cooperative Banks in India with special reference to Lending Practices, 2012) Has elucidated the lending practices of Urban Cooperative Banks and the problems associated with it. These lending practices are characterized by inadequate resources, excessive and deliberate statutory intervention and a high cost of operations. Urban Cooperative Banks requires innovation and use of technology to improve their services and stay competitive.

According to (Othman, Mohd-Zamil, Rasid, Vakilbashi, & Mokhber, 2016), the efficiency of banks can be measured using Data Envelopment Analysis. It enables assessing efficiency using the four parameters – technical, scale, price and allocation.

(Shahwan & Hassan, 2013) Has applied Data Envelopment Analysis to assess the banks' performance in the United Arab Emirates. The banks based out of UAE have been profitable and scores well on social issues with a strong relationship established between the two. However, it lags in marketability.

Analysis and Interpretation

This study is being undertaken to compare the performances of 38 Belgaum-based cooperative banks based on specific financial parameters.

Deployable funds refer to the amount available with the bank for lending and making investments. These comprise of a combination of share capital, reserves and deposits.

Deployed funds refer to the actual amount used for revenue generation. These include the loans and advances made and investments.

(Rs. in Lakhs)

Table 1 Deployable Funds Available and Funds Deployed

Bank	Share Capital (A)	Reserves (B)	Deposits (C)	Deployable Funds (D) = (A)+(B)+(C)	Investments (E)	Loans & Advances (F)	Deployed Funds (G)=(E)+(F)
Akkamahadevi MahilaSahakari Bank (Mahila)	62.74	141.65	1218.74	1423.13	317.03	812.61	1129.64
AroodhaJyothi PattanaSaha. Bank Ltd, Athani	46.16	169.56	1225.89	1441.61	532.93	772.68	1305.61
Bailhongal Merchents Co-op Bank Ltd,	154.56	491.73	3608.87	4255.16	1443.08	1716.90	3159.98
Bailhongal Urban Co-op Bank Ltd,	531.25	1272.26	16965.60	18769.11	4282.32	12774.43	17056.75
Bedkihal Urban Co-op Bank Ltd,	14.58	70.71	66.74	152.03	54.84	55.29	110.13
Belgaum Dist. Rev. Empl.Co-op Bank	172.75	208.11	1903.77	2284.63	967.75	1197.15	2164.90
BelgamIndl. Co-op Bank Ltd, Belgaum	234.03	1089.02	5854.39	7177.44	2666.77	3651.22	6317.99
Belgaum Zilla Rani Chennamma MahilaSah Bank (Mahila)	418.00	1359.20	14187.04	15964.24	6673.13	8666.27	15339.40
Bellad-Bagewadi Urban Sohrda Co-op Bank Ltd	290.59	2256.97	20144.05	22691.61	10550.53	10393.21	20943.74
DaivadnyaSah Bank BLtd., Belgaum	335.97	924.02	16020.75	17280.74	7571.87	8388.71	15960.58
Dhanashree Urban Co-op Bank Ltd Athani	96.65	229.39	1978.84	2304.88	1025.42	1043.94	2069.36
Gokak Urban Co-op Bank Ltd, Gokak	295.66	958.57	7802.05	9056.28	5033.71	3641.33	8675.04

Hirasugar Empl. CB Ltd, Hirasugar	8480.00	133.33	581.09	9194.42	356.04	364.83	720.87
Hukkeri UCB Ltd, Hukkeri	73.26	232.41	3114.11	3419.78	1657.79	1604.57	3262.36
Jagruti CB Ltd, Belgaum	42.61	126.56	645.69	814.86	313.55	495.88	809.43
Janatha CB Ltd, Harugeri	289.85	934.19	9170.91	10394.95	4351.67	5284.50	9636.17
Janatha CB Ltd, Sadalga	165.38	491.13	4626.60	5283.11	1236.11	2476.07	3712.18
Jijamatha MCB Ltd, Belgaum (Mahila)	86.73	1162.43	3519.00	4768.16	2539.00	2140.30	4679.30
Koujalagi UCB Ltd, Kaujalagi	47.27	75.51	941.81	1064.59	405.25	510.85	916.10
Khanapura CBLtd, Khanapur	268.11	978.86	5671.33	6918.30	2802.51	3567.55	6370.06
D T Patil Co-op Bank Ltd, Chikodi	113.77	774.62	3698.80	4587.19	1751.52	2607.79	4359.31
Mahaveer CB Ltd, Belgaum	152.02	517.17	8027.34	8696.53	4059.67	4076.89	8136.56
Mallapur CBLtd, Ghataprabha	81.28	287.68	1579.66	1948.62	615.93	1075.76	1691.69
Maratha CUB Ltd; Belgaum	249.54	4472.17	11029.70	15751.41	9179.43	6575.51	15754.94
Mudalgi CB Ltd, Mudalgi	143.04	491.23	4455.44	5089.71	1013.76	3173.85	4187.61
Nesargi UCB Ltd,	65.65	157.64	984.41	1207.70	577.08	568.33	1145.41
Pachhapur UCB Ltd,	150.21	785.01	4776.03	5711.25	2494.76	2592.68	5087.44
Pioneer UCB Ltd, Belgaum	155.77	1365.12	8151.41	9672.30	4332.60	4582.31	8914.91
Sadalga USSB Ltd;	189.06	441.65	8022.70	8653.41	4259.28	3307.99	7567.27
The Shedbal UCB Ltd,	27.15	654.83	5081.28	5763.26	1609.82	1976.43	3586.25
BelagaviShree. Basaveshwara CB Ltd., Belgaum	246.82	1189.41	13450.24	14886.47	5275.65	7597.29	12872.94

Shree Mahalaxmi Urban Co-op Bank Ltd Gokak	377.14	450.30	6363.97	7191.41	1923.14	4566.81	6489.95
ShreeTukaram Co-op Bank Ltd, Belgaum	124.06	515.68	4027.56	4667.30	2062.71	2468.02	4530.73
Sri Mahalaxmi Pattana Sah Bank Ltd., Bailhongal	27.03	67.80	576.16	670.99	271.63	314.51	586.14
Shri Mahantha SSB Ltd, Murugod	96.75	243.63	1327.78	1668.16	267.89	980.59	1248.48
Shri.S hantappaanna Miraji UCB, Chikodi	589.41	2373.14	15069.63	18032.18	8674.74	8681.94	17356.68
Sri Sivayogi MSUCB Ltd,Athani	156.41	1241.98	5677.72	7076.11	2988.56	3453.54	6442.10
Yaragatti UCB Ltd, Yaragatti	100.83	297.21	2539.78	2937.82	990.19	1803.10	2793.29

Source: Karnataka State Cooperative Urban Banks Federation Ltd., Bangalore.

Measuring Relative Efficiency

In this section, the relative efficiency of the banks considered as a benchmark and the results of other banks are assessed based on this set benchmark. The performance of one bank is

Table 2 Measuring Relative Efficiency of Banks

Bank	Deployable Funds (Rs. in Lakhs)	Deployed Funds (Rs. in Lakhs)	Efficiency	Relative Efficiency (%)
Akkamahadevi MahilaSahakari Bank (Mahila)	1423.13	1129.64	0.79	79.36
AroodhaJyothi PattanaSaha. Bank Ltd, Athani	1441.61	1305.61	0.91	90.55
Bailhongal Merchents Co-op Bank Ltd,	4255.16	3159.98	0.74	74.25
Bailhongal Urban Co-op Bank Ltd,	18769.11	17056.75	0.91	90.86
Bedkihal Urban Co-op Bank Ltd,	152.03	110.13	0.72	72.42
Belgaum Dist. Rev.Empl. Co-op Bank	2284.63	2164.90	0.95	94.74

BelgamIndl. Co-op Bank Ltd, Belgaum	7177.44	6317.99	0.88	88.01
Belgaum Zilla Rani Chennamma MahilaSah Bank (Mahila)	15964.24	15339.40	0.96	96.06
Bellad-Bagewadi Urban Sohrda Co-op Bank Ltd	22691.61	20943.74	0.92	92.28
DaivadnyaSah Bank BLtd., Belgaum	17280.74	15960.58	0.92	92.34
Dhanashree Urban Co-op Bank Ltd Athani	2304.88	2069.36	0.90	89.76
Gokak Urban Co-op Bank Ltd, Gokak	9056.28	8675.04	0.96	95.77
HirasugarEmpl. CB Ltd, Hirasugar	9194.42	720.87	0.08	7.84
Hukkeri UCB Ltd, Hukkeri	3419.78	3262.36	0.95	95.38
Jagruti CB Ltd, Belgaum	814.86	809.43	0.99	99.31
Janatha CB Ltd, Harugeri	10394.95	9636.17	0.93	92.68
Janatha CB Ltd, Sadalga	5283.11	3712.18	0.70	70.25
Jijamatha MCB Ltd, Belgaum (Mahila)	4768.16	4679.30	0.98	98.11
Koujalagi UCB Ltd,Kaujalagi	1064.59	916.10	0.86	86.03
KhanapuraCB Ltd, Khanapur	6918.30	6370.06	0.92	92.05
D T Patil Co-op Bank Ltd, Chikodi	4587.19	4359.31	0.95	95.01
Mahaveer CB Ltd, Belgaum	8696.53	8136.56	0.94	93.54
MallapurUCB Ltd, Ghataprabha	1948.62	1691.69	0.87	86.80
Maratha CUB Ltd; Belgaum	15751.41	15754.94	1.00	100.00
Mudalgi CB Ltd, Mudalgi	5089.71	4187.61	0.82	82.26
Nesargi UCB Ltd,	1207.70	1145.41	0.95	94.82
Pachhapur UCB Ltd,	5711.25	5087.44	0.89	89.06
Pioneer UCB Ltd, Belgaum	9672.30	8914.91	0.92	92.15
Sadalga USSB Ltd;	8653.41	7567.27	0.87	87.43
The Shedbal UCB Ltd,	5763.26	3586.25	0.62	62.21
BelagaviShree. Basaveshwara CB Ltd., Belgaum	14886.47	12872.94	0.86	86.45
Shree Mahalaxmi Urban Co-op Bank Ltd Gokak	7191.41	6489.95	0.90	90.23

ShreeTukaram Co-op Bank Ltd, Belgaum	4667.30	4530.73	0.97	97.05
Sri Mahalaxmi PattanaSah Bank Ltd., Bailhongal	670.99	586.14	0.87	87.33
Shri Mahantha SSB Ltd, Murugod	1668.16	1248.48	0.75	74.82
Shri.Shantappaanna Miraji UCB, Chikodi	18032.18	17356.68	0.96	96.23
Sri Sivayogi MSUCB Ltd, Athani	7076.11	6442.10	0.91	91.02
Yaragatti UCB Ltd, Yaragatti	2937.82	2793.29	0.95	95.06

Efficiency is the ratio between output and input. In this study, efficiency is measured as the ability of a bank to utilize the available deployable funds.

Efficiency = Deployed funds / Deployable funds

From Table 1, with an efficiency score of 1.0 (100%), Maratha Cooperative Urban Bank Ltd. has completely utilized its deployable funds and is considered the most efficient. This is set as a benchmark to assess the performance of other cooperative banks.

Relative Efficiency is the ratio between the efficiency of each bank and the efficiency of the best performing bank. Therefore, the relative efficiency of the best performing bank will always be 100%.

Relative Efficiency (%) = Efficiency of each bank / Efficiency of the best performing bank * 100

The relative efficiency of individual banks is mentioned in Table 2.

The overall efficiency of the banks at the district level is measured through the average percentage of the relative efficiency. This average is 86.83% and the standard deviation is 15.71. With a high level of average relative efficiency and a standard deviation not much deviating from this average, there is no significant difference in the Relative Performance of the 38 Urban Cooperative Banks of Belgaum District. The null hypothesis is accepted and the alternative hypothesis is rejected.

Measuring Slack in Deployable Funds

Deployable funds refer to the total of share capital, reserves and deposits. These are the funds available with the bank to be deployed. Such deployment of funds can be in the form of either lending or approved investments.

Table 3 Measuring Desired Deployable Funds

Bank	Actual Deployable Funds (Rs. in Lakhs)	Desired Deployed Funds (Rs. in Lakhs)	Slack (Rs. in Lakhs)	Slack (%)
AkkamahadeviMahilaSahakari Bank (Mahila)	1423.13	1129.39	293.74	20.64
AroodhaJyothiPattanaSaha. Bank Ltd, Athani	1441.61	1305.32	136.29	9.45
BailhongalMerchants Co-op Bank Ltd,	4255.16	3159.27	1095.89	25.75
Bailhongal Urban Co-op Bank Ltd,	18769.11	17052.93	1716.18	9.14

Bedkihal Urban Co-op Bank Ltd,	152.03	110.11	41.92	27.58
Belgaum Dist.Rev.Empl.Co-op Bank	2284.63	2164.41	120.22	5.26
BelgamIndl.Co-op Bank Ltd, Belgaum	7177.44	6316.57	860.87	11.99
Belgaum Zilla Rani ChennammaMahilaSah Bank (Mahila)	15964.24	15335.96	628.28	3.94
Bellad-Bagewadi Urban Sohrda Co- op Bank Ltd	22691.61	20939.05	1752.56	7.72
DaivadnyaSah Bank BLtd., Belgaum	17280.74	15957.00	1323.74	7.66
Dhanashree Urban Co-op Bank Ltd Athani	2304.88	2068.90	235.98	10.24
Gokak Urban Co-op Bank Ltd, Gokak	9056.28	8673.10	383.18	4.23
HirasugarEmpl. CB Ltd, Hirasugar	9194.42	720.71	8473.71	92.16
Hukkeri UCB Ltd,Hukkeri	3419.78	3261.63	158.15	4.62
Jagruti CB Ltd,Belgaum	814.86	809.25	5.61	0.69
Janatha CB Ltd,Harugeri	10394.95	9634.01	760.94	7.32
Janatha CB Ltd,Sadalga	5283.11	3711.35	1571.76	29.75
Jijamatha MCB Ltd,Belgaum (Mahila)	4768.16	4678.25	89.91	1.89
Koujalagi UCB Ltd,Kaujalagi	1064.59	915.89	148.70	13.97
KhanapuraCBLtd,Khanapur	6918.30	6368.63	549.67	7.95
D T Patil Co-op Bank Ltd,Chikodi	4587.19	4358.33	228.86	4.99
Mahaveer CB Ltd,Belgaum	8696.53	8134.74	561.79	6.46
MallapurUCBLtd,Ghataprabha	1948.62	1691.31	257.31	13.20
Maratha CUB Ltd;Belgaum	15751.41	15751.41	0.00	0.00
Mudalgi CB Ltd,Mudalgi	5089.71	4186.67	903.04	17.74
Nesargi UCB Ltd,	1207.70	1145.15	62.55	5.18
Pachhapur UCB Ltd,	5711.25	5086.30	624.95	10.94
Pioneer UCB Ltd, Belgaum	9672.30	8912.91	759.39	7.85
Sadalga USSB Ltd;	8653.41	7565.57	1087.84	12.57
The Shedbal UCB Ltd,	5763.26	3585.45	2177.81	37.79
BelagaviShree.Basaveshwara CB Ltd., Belgaum	14886.47	12870.06	2016.41	13.55
Shree Mahalaxmi Urban Co-op Bank Ltd Gokak	7191.41	6488.50	702.91	9.77
ShreeTukaram Co-op Bank Ltd,Belgaum	4667.30	4529.71	137.59	2.95
Sri MahalaxmiPattanaSah Bank Ltd., Bailhongal	670.99	586.01	84.98	12.67
Shri Mahantha SSB Ltd, Murugod	1668.16	1248.20	419.96	25.18

Shri.ShantappaMiraaji UCB, Chikodi	18032.18	17352.79	679.39	3.77
Sri Sivayogi MSUCB Ltd,Athani	7076.11	6440.66	635.45	8.98
Yaragatti UCB Ltd, Yaragatti	2937.82	2792.66	145.16	4.94

The desired deployable funds refer to the deployable funds required by banks to achieve 100% efficiency based on the set benchmark.

Desired Deployable Funds = Actual Deployable Funds * Relative Efficiency / 100

In case of the best performing bank, the desired deployable funds will be equal to the actual deployable funds.

Slack is the difference between the actual deployable funds possessed and the desired deployable funds that offered maximum efficiency.

Slack = Actual Deployable Funds – desired deployable funds.

Slack (%) = Slack / Actual Deployable Funds * 100

For example, as per Table 3, Akkamahadevi Mahila Sahakari Bank (Mahila) possessed deployable funds worth Rs. 1423.13 Lakhs. However, funds worth Rs. 1129.39Lakhs were sufficient for achieving

the efficiency as achieved by Maratha Cooperative Urban Bank Ltd. This denotes a slack of Rs. 293.74 Lakhs, a performance shortfall of 20.64%.

The desired deployable funds and its corresponding slack are mentioned in Table 3.

At the district level, the average percentage of slack is 13.17 and 15.71. With a low level of average slack and a standard deviation not much deviating from this average, there is no significant difference in the slack in deployable funds of the 38 Urban Cooperative Banks of Belgaum District. The null hypothesis is accepted and the alternative hypothesis is rejected.

Measuring Slack in Deployed Funds

Deployed funds refer to the total of loans and advances, and approved investments. These are the funds that the bank has deployed.

Table 4 Measuring Desired Deployed Funds

Bank	Actual Deployable Funds (Rs. in Lakhs)	Desired Deployed Funds (Rs. in Lakhs)	Slack (Rs. in Lakhs)	Slack (%)
AkkamahadeviMahilaSahakari Bank (Mahila)	1129.64	1423.45	293.81	26.01
AroodhaJyothiPattanaSaha. Bank Ltd, Athani	1305.61	1441.93	136.32	10.44
BailhongalMerchants Co-op Bank Ltd,	3159.98	4256.11	1096.13	34.69
Bailhongal Urban Co-op Bank Ltd,	17056.75	18773.32	1716.57	10.06
Bedkihal Urban Co-op Bank Ltd,	110.13	152.06	41.93	38.08
Belgaum Dist.Rev.Empl.Co-op Bank	2164.90	2285.14	120.24	5.55
BelgamIndl.Co-op Bank Ltd, Belgaum	6317.99	7179.05	861.06	13.63
Belgaum Zilla Rani ChennammaMahilaSah Bank (Mahila)	15339.40	15967.82	628.42	4.10

Bellad-Bagewadi Urban Sohrda Co-op Bank Ltd	20943.74	22696.70	1752.96	8.37
DaivadnyaSah Bank BLtd., Belgaum	15960.58	17284.61	1324.03	8.30
Dhanashree Urban Co-op Bank Ltd Athani	2069.36	2305.40	236.04	11.41
Gokak Urban Co-op Bank Ltd, Gokak	8675.04	9058.31	383.27	4.42
HirasugarEmpl. CB Ltd, Hirasugar	720.87	9196.48	8475.61	1175.75
Hukkeri UCB Ltd,Hukkeri	3262.36	3420.55	158.19	4.85
Jagruti CB Ltd,Belgaum	809.43	815.04	5.61	0.69
Janatha CB Ltd,Harugeri	9636.17	10397.28	761.11	7.90
Janatha CB Ltd,Sadalga	3712.18	5284.29	1572.11	42.35
Jijamatha MCB Ltd,Belgaum (Mahila)	4679.30	4769.23	89.93	1.92
Koujalagi UCB Ltd,Kaujalagi	916.10	1064.83	148.73	16.23
KhanapuraCBLtd,Khanapur	6370.06	6919.85	549.79	8.63
D T Patil Co-op Bank Ltd,Chikodi	4359.31	4588.22	228.91	5.25
Mahaveer CB Ltd,Belgaum	8136.56	8698.48	561.92	6.91
MallapurUCBLtd,Ghataprabha	1691.69	1949.06	257.37	15.21
Maratha CUB Ltd,Belgaum	15754.94	15754.94	0.00	0.00
Mudalgi CB Ltd,Mudalgi	4187.61	5090.85	903.24	21.57
Nesargi UCB Ltd,	1145.41	1207.97	62.56	5.46
Pachhapur UCB Ltd,	5087.44	5712.53	625.09	12.29
Pioneer UCB Ltd, Belgaum	8914.91	9674.47	759.56	8.52
Sadalga USSB Ltd;	7567.27	8655.35	1088.08	14.38
The Shedbal UCB Ltd,	3586.25	5764.55	2178.30	60.74
BelagaviShree.Basaveshwara CB Ltd., Belgaum	12872.94	14889.81	2016.87	15.67
Shree Mahalaxmi Urban Co-op Bank Ltd Gokak	6489.95	7193.02	703.07	10.83
ShreeTukaram Co-op Bank Ltd, Belgaum	4530.73	4668.35	137.62	3.04
Sri MahalaxmiPattanaSah Bank Ltd., Bailhongal	586.14	671.14	85.00	14.50
Shri Mahantha SSB Ltd, Murugod	1248.48	1668.53	420.05	33.65
Shri.ShantappaMiraaji UCB, Chikodi	17356.68	18036.22	679.54	3.92
Sri Sivayogi MSUCB Ltd,Athani	6442.10	7077.70	635.60	9.87
Yaragatti UCB Ltd, Yaragatti	2793.29	2938.48	145.19	5.20

The desired deployed funds refer to the actual based on the set benchmark.
funds required by banks to achieve 100% efficiency Desired Deployed Funds = Actual Deployed

Funds * Relative Efficiency / 100

In case of the best performing bank, the desired deployed funds will be equal to the actually deployed funds.

Slack is the difference between the actually deployed funds and the desired deployed funds that offered maximum efficiency.

Slack = Actual Funds Deployed – desired deployed funds.

Slack (%) = Slack / Actual Deployable Funds * 100

For example, as per Table 4, Akkamahadevi Mahila Sahakari Bank (Mahila) deployed funds worth Rs. 1129.64 Lakhs. However, funds worth Rs. 1423.45 Lakhs were required for achieving efficiency as achieved by Maratha Cooperative Urban Bank Ltd. This denotes a slack of Rs. 293.81 Lakhs, a performance shortfall of 26.01%.

The desired deployable funds and its corresponding slack are mentioned in Table 4.

At the district level, the average percentage of slack is 44.22 and 188.96. With a very high level of average slack and a standard deviation heavily deviating from this average, there is a significant difference in the slack in deployable funds of the 38 Urban Cooperative Banks of Belgaum District. The null hypothesis is rejected and the alternative hypothesis is accepted.

Findings & Suggestion

1. Maratha Cooperative Urban Bank Ltd is considered the best performing bank in Belgaum using Data Envelopment Analysis.
2. At the district level, the selected 38 cooperative banks are functioning effectively due to high relative performance.
3. Banks do possess funds at their disposal for deployment for achieving maximum efficiency. This is due to a lesser slack in deployable funds.
4. However, the cooperative banks in Belgaum District have shown very high slack in funds deployed. This is due to the poor performance of Hirusagar Employees Cooperative Bank Ltd., Hirusagar.
5. In case the performance of Hirusagar Employees Cooperative Bank Ltd is not considered, the banks have sufficiently deployed funds due to the average slack of 13.64%.

The Summary of the above analysis is as follows

Using Data Envelopment Analysis, there is not a much significant difference in the performance in the performance of the 38 selected Urban Cooperative Banks in Belgaum District. The results of the analysis are tabulated as follows:

The Following are the Suggestions

Hypothesis	Decision	Result
H0 ¹	Null Hypothesis Accepted	There is no significant difference in the Relative Performance of the 38 Urban Cooperative Banks of Belgaum District.
H0 ²	Null Hypothesis Accepted	There is no significant difference in the slack in deployable funds among Urban Cooperative Banks in Belgaum District.
H0 ³	Null Hypothesis Rejected	There is no significant difference in the slack in deployed funds by the Urban Cooperative Banks in Belgaum District.

The Following are the Suggestions

1. Hirusagar Employees Cooperative Bank Ltd should focus on ramping up investments and 7754444extend their lending horizon.
2. Hirusagar Employees Cooperative Bank Ltd should revisit their lending patterns.
3. Banks should focus on attracting long-term fixed deposits.
4. Banks should channelize funds towards productive income-generating investments.

5. Banks should encourage medium-long term loans (6-30 months) for better repayment.

Conclusion

The Urban Cooperative Banks in Belgaum District in Karnataka have been performing fairly well. The banks have funds at their disposal. Further, such funds have been productively deployed. However, the poor fund's utilization by Hirusagar Employees Cooperative Bank Ltd needs to be addressed.

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