

Workings of Select Urban Co-Operative Banks In Tamilnadu With Reference To Efficiency of Advances Management

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Abstract: An efficient management of advances of a bank will lead for earning more profit. So the study has been undertaken in the aspect of advances management of the selected UCBs. The study has selected four UCBs in Tamilnadu such as Sirkali, Chidambaram, Tiruvarur and Villupuram UCBs. Financial data were collected for ten year period from 2003-04 to 2012-13. The study found that the growth rate of total advances of Tiruvarur UCB was found high and it was found low for Villupuram UCB. Short term advances of Tiruvarur UCB increased at a substantial rate followed by Villupuram UCB. Medium term advances of Tiruvarur UCB increased over the study period, whereas it decreased for all other selected UCBs. It was observed that long term advances decreased over the study period for all the selected UCBs but the rate of decrease was found low for Chidambaram UCB. In case of interest income to total deposit ratio of Sirkali UCB stood at 20.462 and followed by Villupuram UCB 20.435 per cent. It can be concluded that the mean value of interest income to total advances ratio of both Sirkali and Villupuram UCB was better as compared to other selected UCBs and Chidambaram UCB had less mean ratio (12.007 per cent) but as compare with other selected banks Chidambaram UCB has more consistency in variation.

Keywords: UCBs, deposits, advances, CAGR, ratio and term loans..

INTRODUCTION

The term bank is defined as "an establishment for custody of money, which it pays out on customer's order." by the Oxford Dictionary. From the definition it could be understand that banks are handling people money. Banking sector is playing a pivotal role in the development of the economy of a country by way of channelizing the savings of the people towards national development [1]. Urban Co-operative Banks are rendering the service effectively by considering the people irrespective of the economic status. Hence Urban Co-operative Banks are accepting the savings of poor and middle class people by way of deposits and make way for channelizing the savings towards economic development by way of capital formation [2]. So, it is necessary to study about UCBs in the financial aspect. Because UCBs are able to survive only when they earn profit otherwise they will struggle in doing banking business. The major source of fund of a bank is collecting deposits from the people and they lend the money to needy people such as small scale industrialists, agriculturalist and other needy persons. So the study has undertaken with the objective of studying the advances management of select UCBs [3].

Statement of the Problem

Banks are collecting deposits from the people. It should be invested in the assets in efficient manner in the view of earning profit. Major amount of funds of a bank is provided as advances to the needy people and industrialists to meet out their financial requirements. Generally banks charge higher interest rate to its advances than the rate of interest which provided to its deposit holders and the difference will be utilized to meet out their administrative expenditure and the residual will be profit of the bank. Hence an efficient management of advances of a bank will lead for earning more profit. So the present research work has taken up the aspect of advances management of the selected UCBs.

Objectives of the Study

- To study the advances and its components of the selected UCBs.
- To study the efficiency of advances management in terms of interest to total advances ratio.

METHODOLOGY

The present study has selected four UCBs from four districts of Tamilnadu viz., Sirkali UCB, Chidambaram UCB, Tiruvarur UCB and Villupuram

UCB for the study. The study has covered a period of ten years from 2003-04 to 2012-13. It required secondary in the form of financial reports, which were collected from the respective UCBs for the above study period.

RESULTS AND INTERPRETATION

Advances and its Components

Generally banks are providing advances to their customers and needy persons or institutions. On

the basis of the term of loan they give loan under three types viz., short term advances, medium term advances and long term advances^[4]. This part of the analysis gives a picture about the growth of advances, components of total advances, their mean, standard deviation, co-efficient of variation, CAGR and their percentage composition on total advances for the study period of ten years from 2003-04 to 2012-13. Table 1 gives the above results for Sirkali UCB.

Table –1: Advances and its components of Sirkali UCB

| Amount in Rupee | | | | | | | | |
|-----------------|--------------|------------|-------------|------------|-------------|------------|----------------|----------|
| Year | Short Term | % on total | Medium Term | % on total | Long Term | % on total | Total Advances | % change |
| 2003-04 | 5,61,30,186 | 41.96 | 5,89,04,063 | 44.03 | 1,87,37,088 | 14.01 | 13,37,71,337 | - |
| 2004-05 | 5,68,12,198 | 45.79 | 5,20,51,994 | 41.95 | 1,52,20,020 | 12.27 | 12,40,84,212 | -7.24 |
| 2005-06 | 7,34,71,854 | 53.15 | 5,05,35,509 | 36.56 | 1,42,37,295 | 10.30 | 13,82,44,658 | 11.41 |
| 2006-07 | 11,78,32,522 | 70.45 | 3,87,91,195 | 23.19 | 1,06,24,220 | 6.35 | 16,72,47,937 | 20.98 |
| 2007-08 | 10,90,81,000 | 70.81 | 3,64,45,025 | 23.66 | 85,17,784 | 5.53 | 15,40,43,809 | -7.89 |
| 2008-09 | 12,13,84,879 | 76.89 | 2,99,89,514 | 19.00 | 65,02,904 | 4.12 | 15,78,77,297 | 2.49 |
| 2009-10 | 18,80,08,278 | 83.88 | 3,06,47,409 | 13.67 | 54,73,836 | 2.44 | 22,41,29,523 | 41.96 |
| 2010-11 | 22,14,67,844 | 84.41 | 3,36,44,368 | 12.82 | 72,64,723 | 2.77 | 26,23,76,935 | 17.06 |
| 2011-12 | 26,72,71,532 | 87.52 | 3,12,70,023 | 10.24 | 68,25,320 | 2.24 | 30,53,66,875 | 16.38 |
| 2012-13 | 29,89,09,037 | 89.96 | 2,71,86,593 | 8.18 | 61,90,393 | 1.86 | 33,22,86,023 | 8.82 |
| Mean | 15,10,36,933 | | 3,89,46,569 | | 99,59,358 | | 19,99,42,861 | |
| SD | 8,77,80,057 | | 1,09,80,203 | | 45,81,355 | | 7,60,09,509 | |
| CV | 58.12 | | 28.19 | | 46.00 | | 38.02 | |
| CAGR | 18.20 | | -7.44 | | -10.48 | | 9.53 | |

Source: computed from Annual Reports

Table 1 shows that the amount of total advances of Sirkali UCB increased considerably during the study period. It increased from Rs.13,37,71,337 to Rs.33,22,86,023, it accounted 148 increase in the amount of advances by this UCB. The mean value of advances stood high at Rs.19,99,42,861, the calculated values of standard deviation and co-efficient of variation stood at Rs.7,60,09,509 and 38.02 per cent respectively. The CAGR of advances indicated considerable growth in advances during the study period. It was also observed that the advances decreased during 2004-05 over the previous year by 7.24 per cent, it met rapid increase for the next two years by 11.41 and 20.98 per cent respectively. It met a decrease again during 2007-08 by 7.89 per cent and during the subsequent years advances increased over the previous years and it was noted that the growth rate was found very high during 2009-10 at 41.96 per cent.

It was noted that short term advances were the major contributor in total advances of Sirkali UCB.

The amount of short term advances increased rapidly during the study period. The calculated values of mean, standard deviation and co-efficient of variation stood at Rs.15,10,36,933, Rs.8,77,80,057 and 58.12 per cent respectively, it showed that there was little higher deviation in short term advances from its mean value. The calculated value of CAGR of 18.20 per cent indicated that there was substantial increase in short term advances by Sirkali UCB during the study period. The percentage composition of short term advances of the UCB ranged from 41.96 per cent to 89.96 per cent over the study period. Medium term loans are the loans with the repayment period between 2 years to 5 years. The amount of medium term loan decreased from Rs.5,89,04,063 to Rs.2,71,86,593 and this decrease accounted 54 per cent. The results of mean, standard deviation and co-efficient of variation indicated that there was low level of deviation in medium term advances from its mean value. Major decrease was found in medium term loan as indicated by the result of CAGR (-7.44 per cent). The percentage composition of

medium term advances by Sirkali UCB was decrease over the period of the study. It ranged between 8.18 per cent and 44.03 per cent. Long term advances were the least concentrated loans by Sirkali UCB. The amount of long term loan decreased substantially during the study period from Rs.1,87,37,088 to Rs.61,90,393 and it accounted 67 per cent decrease over the study period. There was moderate level of variation in long term advances as shown by the results of standard deviation and co-efficient of variation. The CAGR of long term advances stood negative at 10.48 per cent, it showed substantial decrease over the study period. The

percentage composition of long term advances by Sirkali UCB was found low and it was decreasing year by year. The percentage composition of long term advances ranged from 1.86 to 14.01 per cent. It was observed that except short term advances other type of advances were decreased during the study period in Sirkali UCB. The UCB started to reduce providing medium term and long term advances and instead of that it increased to give short term advances.

Table 2 provides the results of the above aspects for Chidambaram UCB.

Table – 2: Advances and its components of Chidambaram UCB

| Amount in Rupee | | | | | | | | |
|-----------------|--------------|------------|-------------|------------|-------------|------------|----------------|----------|
| Year | Short Term | % on total | Medium Term | % on Total | Long Term | % on total | Total Advances | % change |
| 2003-04 | 6,71,82,633 | 60.13 | 2,91,67,666 | 26.11 | 1,53,75,050 | 13.76 | 11,17,25,349 | - |
| 2004-05 | 7,50,28,598 | 62.61 | 2,99,13,299 | 24.96 | 1,48,93,399 | 12.43 | 11,98,35,296 | 7.26 |
| 2005-06 | 7,31,45,463 | 65.59 | 2,42,87,285 | 21.78 | 1,40,87,616 | 12.63 | 11,15,20,364 | -6.94 |
| 2006-07 | 9,64,41,995 | 73.58 | 2,28,08,774 | 17.40 | 1,18,14,999 | 9.01 | 13,10,65,768 | 17.53 |
| 2007-08 | 10,34,71,103 | 74.20 | 2,51,30,140 | 18.02 | 1,08,40,783 | 7.77 | 13,94,42,026 | 6.39 |
| 2008-09 | 11,55,23,294 | 75.02 | 2,45,89,702 | 15.97 | 1,38,84,134 | 9.02 | 15,39,97,130 | 10.44 |
| 2009-10 | 15,71,89,249 | 80.62 | 2,36,46,959 | 12.13 | 1,41,33,055 | 7.25 | 19,49,69,263 | 26.61 |
| 2010-11 | 19,85,65,865 | 84.55 | 2,18,09,445 | 9.29 | 1,44,64,262 | 6.16 | 23,48,39,572 | 20.45 |
| 2011-12 | 22,93,81,156 | 87.69 | 1,98,43,399 | 7.59 | 1,23,61,275 | 4.73 | 26,15,85,830 | 11.39 |
| 2012-13 | 28,28,33,789 | 90.15 | 1,94,86,773 | 6.21 | 1,14,20,372 | 3.64 | 31,37,40,934 | 19.94 |
| Mean | 13,98,76,315 | | 2,40,68,344 | | 1,33,27,495 | | 17,72,72,153 | |
| SD | 7,44,90,649 | | 34,53,201 | | 15,81,680 | | 7,10,13,511 | |
| CV | 53.25 | | 14.35 | | 11.87 | | 40.06 | |
| CAGR | 15.46 | | -3.95 | | -2.93 | | 10.88 | |

Source: Computed from Annual Reports

It was noted from Table 2 that the amount of total advances of Chidambaram UCB increased substantially during the study period. It increased from Rs.11,17,25,349 to Rs.31,37,40,934, it accounted 181 per cent increase in the amount of advances. The mean, standard deviation and co-efficient of variation stood at Rs.17,72,72,153, Rs.7,10,13,511 and 40.06 per cent respectively. The CAGR of advances indicated considerable growth in advances during the study period. It was observed that short term advances were the major contributor in total advances of Chidambaram UCB. The amount of short term advances increased rapidly during the study period. It met a hike from Rs.6,71,82,633 in 2003-04 to Rs.28,28,33,789 in 2012-13 and it accounted three times increase over the study period. the calculated values of mean, standard deviation and co-efficient of variation stood at Rs.13,98,76,315, Rs.7,44,90,649 and 53.25 per cent respectively, it showed that there was deviation in short

term advances from its mean value to a high extent. The calculated value of CAGR of 15.46 per cent indicated that there was substantial increase in short term advances by Chidambaram UCB during the study period. The percentage composition of short term advances of the UCB ranged from 60.13 per cent to 90.15 per cent over the study period. Medium term loans were the second largest contributors to total advances by Chidambaram UCB. The amount of medium term loan decreased from Rs.2,91,67,666 to Rs.1,94,86,773 and this decrease accounted 33 per cent. There was very less deviation in medium term advances from its mean value as shown by the results of mean, standard deviation and co-efficient of variation. Decrease was found in medium term loan as indicated by the result of CAGR (-3.95 per cent). The percentage composition of medium term advances by Chidambaram UCB was more than 20 per cent during the first three years of the study period and it was

gradually decreasing over the study period. Long term advances were the least concentrated by Chidambaram UCB. The amount of long term loan decreased during the study period from Rs.1,53,75,050 to Rs.1,14,20,372 and it accounted 26 per cent decrease over the study period. Deviation in long term advances by Chidambaram UCB was found very low from its mean value as indicated by the results of standard deviation and co-efficient of variation. The CAGR of long term advances stood negative at 2.93 per cent, it showed

decrease in long term advances. The percentage composition of long term advances ranged from 3.64 to 13.76 per cent. It was observed that except short term advances other type of advances were decreased during the study period in Chidambaram UCB. The UCB started to reduce providing medium term and long term advances and instead of that it increased to give short term advances.

Table 3 provides the above for Tiruvarur UCB.

Table –3: Advances and its components of Tiruvarur UCB

| Amount in Rupee | | | | | | | | |
|-----------------|--------------|------------|--------------|------------|-----------|------------|----------------|----------|
| Year | Short Term | % on total | Medium Term | % on Total | Long Term | % on total | Total Advances | % change |
| 2003-04 | 3,24,29,091 | 30.06 | 7,43,01,639 | 68.87 | 11,59,625 | 1.07 | 10,78,90,355 | - |
| 2004-05 | 3,26,20,436 | 32.09 | 6,81,27,717 | 67.01 | 9,16,269 | 0.90 | 10,16,64,422 | -5.77 |
| 2005-06 | 3,56,67,967 | 34.19 | 6,79,69,650 | 65.15 | 6,84,188 | 0.66 | 10,43,21,805 | 2.61 |
| 2006-07 | 6,41,27,603 | 49.34 | 6,53,18,522 | 50.26 | 5,25,932 | 0.40 | 12,99,72,057 | 24.59 |
| 2007-08 | 7,52,57,493 | 54.23 | 6,27,74,769 | 45.24 | 7,34,676 | 0.53 | 13,87,66,938 | 6.77 |
| 2008-09 | 7,82,67,315 | 54.52 | 6,46,82,144 | 45.05 | 6,18,646 | 0.43 | 14,35,68,105 | 3.46 |
| 2009-10 | 11,06,59,363 | 55.63 | 8,77,47,674 | 44.11 | 5,23,390 | 0.26 | 19,89,30,427 | 38.56 |
| 2010-11 | 15,33,38,170 | 61.43 | 9,58,64,071 | 38.40 | 4,27,584 | 0.17 | 24,96,29,825 | 25.49 |
| 2011-12 | 20,50,57,846 | 64.73 | 11,13,55,498 | 35.15 | 3,64,728 | 0.12 | 31,67,78,072 | 26.90 |
| 2012-13 | 24,69,23,513 | 67.15 | 12,04,65,076 | 32.76 | 3,15,872 | 0.09 | 36,77,04,461 | 16.08 |
| Mean | 10,34,34,880 | | 8,18,60,676 | | 6,27,091 | | 18,59,22,647 | |
| SD | 7,53,36,314 | | 2,09,83,344 | | 2,60,044 | | 9,50,96,909 | |
| CV | 72.83 | | 25.63 | | 41.47 | | 51.15 | |
| CAGR | 22.51 | | 4.95 | | -12.19 | | 13.05 | |

Source: Computed from Annual Reports

Table 3 shows that the amount of total advances of Tiruvarur UCB increased considerably during the study period. It increased from Rs.10,78,90,355 to Rs.36,77,04,461, it accounted three time increase in the amount of advances. The mean, SD and CV stood at Rs.18,59,22,647, Rs.9,50,96,909 and 51.15 per cent respectively, it showed moderate level of deviation in total advances of the UCB. The CAGR of total advances (13.05) indicated considerable growth in advances during the study period. It was seen from the results that short term advances and medium term advances were the major contributor in total advances of Tiruvarur UCB. The amount of short term advances increased rapidly during the study period. It increased from Rs.3,24,29,091 in 2003-04 to Rs.24,69,23,513 in 2012-13 and it accounted nine times increase over the study period. The calculated values of mean, standard deviation and co-efficient of variation stood at Rs.10,34,34,880, Rs.7,53,36,314 and 72.83 per cent respectively, it showed that there was a wide deviation

in short term advances from its mean value. The calculated value of CAGR of short term advances stood at 22.51 per cent, indicated that there was substantial increase in short term advances by Tiruvarur UCB during the study period. The percentage composition of short term advances of the UCB was found low for the first four years of the study period and it was increasing and stood more than 50 per cent on total advances. It ranged from 30.06 per cent to 67.15 per cent over the study period.

The amount of medium term loan increased from Rs.7,43,01,639 to Rs.12,04,65,076 and this decrease accounted 262 per cent. There was very less deviation in medium term advances from its mean value as shown by the results of mean, standard deviation and co-efficient of variation. The amount of medium term loan increased at a lower rate during the study period as indicated by CAGR of 4.95 per cent. The percentage composition of medium term advances by Tiruvarur

UCB was more than other type of advances for the first four years of the study period and it was decreasing thereafter.

Long term advances were the least concentrated loans by Tiruvarur UCB. The amount of long term loan decreased during the study period from Rs.11,59,625 to Rs.3,15,872 and it accounted 127 per cent decrease over the study period. Deviation in long term advances by Tiruvarur UCB was found low from its mean value as indicated by the results of standard deviation and co-efficient of variation. The CAGR of long term advances stood negative at 12.19 per cent, it

showed rapid decrease in long term advances over the study period. The percentage composition of long term advances was found very low during all the years of the study period. It was observed that medium term advances contributed more on total advances of Tiruvarur UCB for the first four years and during other years short term advances contributed more. The UCB started to reduce providing medium term and long term advances contributed less than one per cent of total advances of the UCB.

Table 4 provides the results for Villupuram UCB.

Table – 4: Advances and its components of Villupuram UCB

| Year | Amount in Rupee | | | | | | | |
|---------|-----------------|------------|--------------|------------|-------------|------------|----------------|----------|
| | Short Term | % on total | Medium Term | % on Total | Long Term | % on total | Total Advances | % change |
| 2003-04 | 6,58,65,452 | 27.82 | 13,85,86,542 | 58.54 | 3,22,81,795 | 13.64 | 23,67,33,789 | - |
| 2004-05 | 9,02,65,245 | 34.59 | 16,05,84,525 | 61.54 | 1,01,01,192 | 3.87 | 26,09,50,962 | 10.23 |
| 2005-06 | 8,24,22,817 | 32.46 | 15,98,56,035 | 62.96 | 1,16,32,018 | 4.58 | 25,39,10,870 | -2.70 |
| 2006-07 | 13,06,83,860 | 44.00 | 15,73,13,460 | 52.97 | 89,84,846 | 3.03 | 29,69,82,166 | 16.96 |
| 2007-08 | 13,33,79,475 | 46.98 | 13,99,18,205 | 49.29 | 1,05,97,001 | 3.73 | 28,38,94,681 | -4.41 |
| 2008-09 | 16,17,90,460 | 50.94 | 14,56,20,013 | 45.85 | 1,02,01,094 | 3.21 | 31,76,11,567 | 11.88 |
| 2009-10 | 24,30,82,422 | 60.76 | 14,87,85,285 | 37.19 | 81,76,804 | 2.04 | 40,00,44,511 | 25.95 |
| 2010-11 | 30,47,37,304 | 66.76 | 14,41,88,112 | 31.59 | 75,24,900 | 1.65 | 45,64,50,316 | 14.10 |
| 2011-12 | 37,95,30,876 | 73.03 | 13,36,21,625 | 25.71 | 65,15,505 | 1.25 | 51,96,68,006 | 13.85 |
| 2012-13 | 41,06,12,856 | 75.24 | 12,77,02,800 | 23.40 | 74,54,486 | 1.37 | 54,57,70,142 | 5.02 |
| Mean | 20,02,37,077 | | 14,56,17,660 | | 1,13,46,964 | | 35,72,01,701 | |
| SD | 12,64,80,444 | | 1,11,67,289 | | 75,31,474 | | 11,48,19,936 | |
| CV | 63.17 | | 7.67 | | 66.37 | | 32.14 | |
| CAGR | 20.08 | | -0.81 | | -13.63 | | 8.71 | |

Source: Computed from Annual Reports

It was observed from Table 4 that the amount of total advances of Villupuram UCB increased rapidly during the study period. It increased from Rs.23,67,33,789 to Rs.54,57,70,142, it accounted 131 per cent increase in the amount of advances. The mean, SD and CV stood at Rs.35,72,01,701, Rs.11,48,19,936 and 32.14 per cent respectively and it showed a low level of deviation in total advances from its mean value. The CAGR of advances (8.71 per cent) indicated moderate rate of growth in advances during the study period. Total advances of Villupuram UCB increased during all years of the study period except during 2005-06 and 2007-08.

It was observed from the results that short term advances and medium term advances were the major contributor in total advances of Villupuram UCB. The amount of short term advances increased rapidly during

the study period. During the first half of the study period medium term loan contributed more to total advances and during the second half the short term loan occupied major contribution on total advances of the UCB. The amount of short term advances increased from Rs.6,58,65,452 in 2003-04 to Rs.41,06,12,856 in 2012-13 and it accounted five time increase over the study period. The calculated values of mean, standard deviation and co-efficient of variation stood at Rs.20,02,37,077, Rs.12,64,80,444 and 63.17 per cent respectively, it showed that there was a wide range deviation in short term advances from its mean value. The calculated value of CAGR of short term advances stood at 20.08 per cent, indicated that there was rapid increase in short term advances by Villupuram UCB. The percentage composition of short term advances of the UCB was found low for the first five years of the

study period and it was increasing and stood more than 50 per cent on total advances during the second half of the study period. It ranged between 27.82 per cent and 75.24 per cent over the study period.

The amount of medium term loan of Villupuram UCB decreased from Rs.13,85,86,542 to Rs.12,77,02,800 and this decrease accounted 8 per cent. There was very less deviation in medium term advances from its mean value as indicated by the results of mean, standard deviation and co-efficient of variation. The percentage composition of medium term advances by Villupuram UCB was more than other type of advances for the first five years of the study period and it was decreasing thereafter.

Long term advances were the least concentrated loans by Villupuram UCB as other selected UCBs. The amount of long term loan decreased substantially during the study period from Rs.3,22,81,795 to Rs.74,54,486 and it accounted 77 per cent over the study period. Deviation in long term advances by Villupuram UCB was found to be high

from its mean value as indicated by the results of standard deviation (Rs.7531474) and co-efficient of variation (66.37 per cent). The CAGR of long term advances stood negative at 13.63 per cent, it showed major decrease in long term advances over the study period. It was observed that medium term advances contributed more on total advances of Villupuram UCB during the first half of the study period and during other years short term advances contributed more. The UCB started to reduce providing medium term and long term advances contributed less than one per cent of total advances of the UCB.

Interest Income to Total Advances

The major income of a bank is interest income on their advances lending. Interest is charged at different rates on the advances on the basis of their type and period of maturity. Hence it is necessary to calculate the ratio of interest income to total advances. This will be helpful to understand the percentage earned as income on total advances of the banks. Table 5 gives the results regarding the ratio of interest income to total advances of the selected UCB.

Table -5: Interest Income to Total Advances

Percentage

| Year | Sirkali UCB | Chidambaram UCB | Tiruvarur UCB | Villupuram UCB |
|---------|-------------|-----------------|---------------|----------------|
| 2003-04 | 27.06 | 13.52 | 14.50 | 23.17 |
| 2004-05 | 27.57 | 11.56 | 13.57 | 21.79 |
| 2005-06 | 17.68 | 11.99 | 12.88 | 23.2 |
| 2006-07 | 14.64 | 9.99 | 10.92 | 18.38 |
| 2007-08 | 19.33 | 12.09 | 12.09 | 21.31 |
| 2008-09 | 26.23 | 12.97 | 17.26 | 22.67 |
| 2009-10 | 19.06 | 12.28 | 11.68 | 19.04 |
| 2010-11 | 17.31 | 11.16 | 11.57 | 18.18 |
| 2011-12 | 17.30 | 12.02 | 11.20 | 17.56 |
| 2012-13 | 18.44 | 12.49 | 11.99 | 19.05 |
| Mean | 20.462 | 12.007 | 12.766 | 20.435 |
| SD | 4.67 | 0.97 | 1.93 | 2.22 |
| CV | 22.82 | 8.10 | 15.09 | 10.84 |

Source: Computed from Annual Reports

Table 5 shows the relationship between interest income and total advances. During the period of study the interest income to total advances ratio of Sirkali UCB showed a fluctuating tendency. The highest ratio of was observed in first two years from 2003-04 and 2004-05 and it was very least 14.64 per cent in the year 2006- 2007. In the first two years 2003-04 and 2004-05 and also during 2008-09 the proportion of interest

income on total deposits was more than mean ratio, which showed that their interest income was high during the years and it would lead for maximize their profit. But it was less than average in all other years in the study period. The range of interest income to total advances ratio the Sirkali UCB was in between 14.64 and 27.57 per cent.

From the above analyze it was seen that the interest income to total advances ratio of Chidambaram UCB ranged from 9.99 to 13.52 per cent during the study period. The interest income to total advances of the Chidambaram UCB was high (13.52 per cent) during the initial period 2003-04 and it started to show fluctuating tendency. Out of the ten years study period the ratio was more than average in six years. The average interest income to total advances for the entire period was 12.007 per cent. It is concluded that the proportion of interest income to total advances was deviated by 0.97 per cent and has more consistency in the proportion of interest income to total advances. It was observed that Chidambaram UCB maintained an average ratio over the study period.

In case of Tiruvarur UCB, A significant fluctuation was seen in the trend of proportionate of interest income to total advances. This ratio ranged from 10.92 to 14.50 per cent during the study period. The results also showed that the interest income to total advances was high (14.50 per cent) during 2003-04 and it started to decline continuously upto 10.92 in 2006-07. In the next two years there was an increasing trend. This ratio was fluctuated between 11 to 12 per cent from 2009-10 to 2012-13. The average interest income to total advances for the entire period was 12.766 per cent. Out of the ten years study period the ratio was more than average only in three years. It is concluded that the proportion of interest income to total advances was deviated by 1.93 per cent and has more consistency in the proportion of interest income to total advances. It is also concluded that the proportion of interest income to total advances was more than 10 per cent in all years of the study period.

In case of Villupuram UCB interest income to total advances was high during 2005-06 (23.20 per cent) and it was less during 2011-12 (17.56 per cent). The proportion of interest income to total advances of Villupuram UCB was more than 15 per cent in all years of the study period. This ratio showed fluctuating tendency over the study period. The average interest income to total advances for the entire period was 20.435 per cent. Out of the ten years study period the ratio was more than average only in five years. It is concluded that the proportion of interest income to total advances was deviated by 2.22 per cent and has more consistency (10.84 per cent) in the proportion of interest income to total advances.

CONCLUSION

The study analysed the management of advances of selected UCBs in Tamilnadu. The results showed that the growth rate of total advances of Tiruvarur UCB was found high and it was found low for Villupuram UCB. Short term advances of Tiruvarur UCB increased at a substantial rate followed by Villupuram UCB. Medium term advances of Tiruvarur UCB increased over the study period, whereas it decreased for all other selected UCBs. It was observed that long term advances decreased over the study period for all the selected UCBs but the rate of decrease was found low for Chidambaram UCB. In case of interest income to total deposit ratio of Sirkali UCB stood at 20.462 and followed by Villupuram UCB 20.435 per cent. It can be concluded that the mean value of interest income to total advances ratio of both Sirkali and Villupuram UCB was better as compared to other selected UCBs and Chidambaram UCB had less mean ratio (12.007 per cent) but as compare with other selected banks Chidambaram UCB has more consistency in variation.

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