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THE STUDY ON THE EVALUATION OF FINANCIAL PERFORMANCE OF CHENNAI CENTRAL COOPERATIVE BANK

[1]Dr. C. Kala, [2]Mahalakshmi. R.S

[1] Guide NICM, Natesan Institute of Cooperative Management India

[2] MBA Student Natesan Institute of Cooperative Management India

ABSTRACT:

The Co-operative is a defined as a business owned and equally controlled by the people who uses its services. Cooperative can be act as potent media for the socio-economic reconstruction of the country. This study focuses on fiscal standing of the Chennai Central Cooperative Bank the objective is to study on financial health and analyse its efficacious of business operations. The study has found some prompts to be taken to improve the overall base capital of the bank.

Keywords: Co-operative, Socio-Economic, Reconstruction, Financial Performance, Capital base.

INTRODUCTION:

The Indian economy has witnessed significant growth in recent years, driven by various factors such as government policies, technological advancement, and changing market dynamics. Cooperative societies are based on principles of cooperation, mutual help, democratic decision making and open membership. This first known mutual aid society in India was probably the 'Anyonya Sahakari Mandali' organized in the erstwhile princely state of Baroda 1889. The enactment of Cooperative Credit Societies Act, 1904, however gave the real impetus to the movement and the first urban cooperative credit society was registered in kanjivaram in the erstwhile Madras Province in October, 1904.

The state cooperative banks and central cooperative banks are licensed by Reserve Bank of India under the Banking Regulation Act. While the SCBs and DCCBs function like a normal bank they focus mainly on agricultural credit. While Reserve Bank of India is the Regulating Authority, National Bank for Agriculture and Rural Development (NABARD) provides refinance support and takes care of inspection of SCBs and DCCBs.

ORGANIZATION PROFILE:

The Madras District Cooperative Central Bank Ltd., was registered as a cooperative society on 10.07.1930 and commenced its business on the same day. The area of operation of the bank extents to the Corporation Limits of Chennai. As a District Central Cooperative Bank, it caters to the needs of the Primary Cooperative Societies and Cooperative Wholesale stores and other cooperatives in Chennai city.

At present the Chennai Central Cooperative Bank is transforming itself in modernization by computerizing all its operations in its branches and Head offices, thus preparing the platform for Core-Banking business at a later date.

REVIEW OF LITERATURE:

Despite their importance, cooperative banks face challenges such as dual regulations, limited capital access, and competition from fintech and commercial banks (Indian Institute of Banking & Finance, 2024). Singh and Gupta (2025) recommend strategic mergers, technology partnerships and capacity building to ensure long-term viability.

Recent studies have highlighted the mixed financial performance of cooperative banks in India. According to RBI Annual Reports (2022, 2023, 2024), urban cooperative banks (DCCBs) have shown moderate growth in deposits and advances though profitability remains under pressure due to rising non-performing assets (NPAs) and limited capital buffers (Reserve Bank of India, 2023). Kumar and Singh (2023) analyzed DCCBs in Tamil Nadu and found that while asset quality improved marginally post-pandemic, operational efficiency and profitability lagged behind commercial banks.

OBJECTIVE OF THE STUDY:

PRIMARY OBJECTIVE:

- To know the financial performance of the Chennai Central Cooperative bank.

SECONDARY OBJECTIVE:

- To evaluate the financial standing of the organization in terms of profitability, solvency, liquidity and efficiency.
- To appraise the trend in sales and profit of the firm.
- To scrutinize the growth of loans and deposits during the period of study.

DATA ANALYSIS AND INTERPRETATION:

RATIO ANALYSIS:

1.CURRENT RATIO:

Current ratio = Current Assets / Current Liability

Year	Current Assets	Current Liabilities	Ratio
2021 - 2022	4,10,22,882	3,41,85,682	1.200
2022 - 2023	4,02,76,762	3,42,68,927	1.175
2023 - 2024	4,27,08,841	3,54,06,090	1.206

KEY FINDINGS:

The standard norm for current ratio is 2:1. Current ratio is standard norm for every year. And the least year in 2022-2023. For the healthy business and so the ratio is good.

CREDIT TO DEPOSIT RATIO:

Credit to deposit ratio = Advance / Total deposit*100

Year	Advance	Total Deposit	Ratio
2021-2022	1,83,42,539	4,03,72,862	0.454
2022-2023	2,08,23,593	4,02,70,956	0.517
2023-2024	2,26,96,880	4,05,84,005	0.559

KEY FINDINGS:

The credit deposit ratio denotes the percentage of loan to the total deposits. The credit to deposit ratio is important role in deciding the profitability of the bank. The above table shows the deposits and advances has increased. Indicating the proportionate increase which is reflected through the ratios.

INTEREST EARNED RATIO:

Interest earned ratio = Interest received on deposit / Advance*100

Year	Interest Received on Deposit	Advance	Ratio
2021-2022	32,36,813	1,83,42,539	0.176
2022-2023	33,10,580	2,08,23,593	0.158
2023-2024	31,45,349	2,26,96,880	0.138

KEY FINDINGS:

Interest earned ratio indicates the percentage of revenue on loan and advances. It means the average interest earned on loan and advance. Lower the ratio and lower the profit which indicates the bad borrowers will be available to the bank.

NET PROFIT MARGIN RATIO:

Net profit margin ratio = Net Profit / Total deposit *100

Year	Net Profit	Total Deposit	Ratio
2021-2022	4,46,853	4,03,72,862	0.011
2022-2023	6,00,066	4,02,70,956	0.014
2023-2024	4,01,679	4,05,84,005	0.009

KEY FINDINGS:
The ratio indicates the difference on net income or profit is generated as a percentage of revenue. The bank needs to be vigilant in its operations because the net profit margin ratio is fluctuating.

ASSETS TO LIABILITY RATIO:

Asset to liability ratio = NPA / Total asset*100

Year	NPA	Total Asset	Ratio
2021-2022	14,72,376	4,12,05,340	0.035
2022-2023	3,13,713	4,16,51,202	0.007
2023-2024	1,56,674	4,29,05,175	0.003

KEY FINDINGS:
The asset problem ratio has direct bearing on return on assets as well as the liquidity risk management of the bank. The higher problem asset ratio denotes high liquidity of the bank. The bank has to take necessary actions for its better performance, which is now bad for the healthy bank operations.

TREND ANAYSIS:

PROFITABILITY ANALYSIS:

The top priority of a business is to earn a profit. Without profit no business organization can continue its operations of Cooperative banks are formed with the objective of service to members and profits is only a secondary objective.

Year	Progress in %
2019-2020	37.02
2020-2021	44.21
2021-2022	44.69
2022-2023	60.00
2023-2024	40.17

KEY FINDINGS:
The chart shows downturn growth trend with fluctuation in the middle.

LOAN OUTSTANDING:

Loan outstanding indicates the total amount of loans disbursed by the bank to its customers that have not yet been repaid. it is a key indicator of the bank’s asset quality, credit risk, and revenue generation potential.

Year	Progress in %
2019-2020	1821.02
2020-2021	1835.75
2021-2022	1834.25
2022-2023	2082.35
2023-2024	2269.69

KEY FINDINGS:

It denotes the up-trend which signifies the amount of loans the bank's disbursed is yet to be repaid. Which has negative effect on bank financial operations.

CONCLUSION:

The present study has analysed the financial performance of the Chennai Central Cooperative

Bank from 2019-2020 to 2023-2024. From this study, it is found that overall performance of CCCB is good. The financial performance reveals the mixed bag of strength and areas for improvement. While the bank shows the satisfactory performance on aspects of current ratio and deposit ratio, also shows challenges on profitability and asset quality. To get the better of this obstacle and achieve consistent growth and success, the bank needs to focus on implementing powerful strategies that address the problems and includes fortifying strategies to reinforce risk management, liquidity and assets to bolster profitability. By taking visionary and calculative avenue to address these areas, the bank can improve its ambitious position in the market and achieve its supreme aspirations. In short, the bank's overall triumph depends to its aptness to modify market dynamic orders, fruitful risk management and deliver value to its customer and stakeholders. The total bottom line of Chennai Central Cooperative bank is good.

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