

A STUDY ON COMPARITIVE STATEMENT PRACTICES OF TO ARYAPURAM CO-OPERATIVE URBAN BANK LTD RAJAHMUNDRY-AP

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ABSTRACT

The banking sector in any economy plays a significant role in its growth and development. This paper is based on financial performance analysis of two leading banks of India. This paper aims to evaluate financial performance of The Aryapuram co-operative bank ltd on the basis of accounting ratios and also to study the functioning of the Indian banking system . In this paper different ratios of both the banks are compared. Capital adequacy ratio, debt equity ratio, leverage ratios, profit and loss account ratios, net interest margin ratio, return on equity and other ratios are used to compare the performance of both the banks. This research is based on the data collected from financial statements of the banks. The performance of both the banks are compared from the year 2019 to 2023. It is observed that performance of The Aryapuram co-operative bank ltd is in terms of ratio analysis but also in terms of customer satisfaction. The present study aims to identify the financial strengths and weakness of the Indian public sector by establishing relationship between the items of the balance sheet and profit and loss account. It is used to compare the current financial performance with the last five years and to study the existing financial position of the bank. The data used in this is secondary data through annual report. The data used in this study comparative balance sheet, common sized balanced sheet, that the current liabilities is higher than the current assets every year and suggesting to increase the current assets. And this study is conducted in the Aryapuram co-operative bank Ltd., for the study of the performance of the bank of last five years which is satisfactory.

INTRODUCTION

The term financial management can be defined as the management of flow of funds in a firm and it deals with the financial decision making of the firm. It encompasses the procurement of the funds in the most economic and prudent manner and employment of these funds in the most optimum way to maximize the return for the owner. Broadly speaking, the financial management includes any decision made by a business/ investor that affects its finances.

Comparative statements or comparative financial statements are statements of financial position of a business at different periods. These statements help in determining the profitability of the business by comparing financial data from two or more accounting periods.

The data from two or more periods are updated side by side, which is why it is also known as Horizontal

Analysis. The advantage of such an analysis is that it helps investors to identify the trends of business, check a company's progress and also compare it with that of its competitors.

The financial data will be considered to be comparative only when the same set of accounting principles are being used for preparing the statements.

Types of Comparative Statements

There are two types of comparative statements which are as follows

1. Comparative income statement
2. Comparative balance sheet

PROFILE OF THE BANKING INDUSTRY IN INDIA

Banking fundamentals refer to the concepts and principles relating to the practice of banking. Banking is an industry that deals with credit facilities, storage for cash, investments, and other financial transactions. The banking industry is one of the key drivers of most economies because it channels funds to borrowers with productive investments. Banks perform a myriad of functions, including deposits and withdrawals, currency exchange, forex trading, and wealth management. Also, they act as a link between depositors and borrowers, and they use the funds deposited by their customers to provide credit facilities to people who want to borrow. Banks make money by charging an interest rate on loans, where they profit by charging a higher interest rate than the interest rate they pay on customer deposits. However, they must comply with the regulations set by the central bank or national government.

PROFILE OF THE ARYAPURAM CO-OPERATIVE BANK LTD

The Aryapuram Cooperative Urban Bank Limited, Head Office, Rajamahendravaram. Established in 1919, January 13th by founder Shri. Sarepalli Visweswara Prasad Rao. At Present it has completed 100 Years of dedicated Service to the Members and Public as whole with 16 Branches presence in the Districts of East Godavari, West Godavari, Guntur and Visakhapatnam Districts. It is one of the oldest cooperative banks in Rajahmundry. Cooperative Urban bank has crossed deposits Rs. 668crores, Loans Rs. 416 Crores. Bank has Core Banking System and Extending Anywhere Banking to its Customers. Services Included RTGS & NEFT, Aadhar Based Direct Benefit Transfer, Cheque Truncation System Etc. Bank's Exclusive RuPay Debit Card (ATM), SMS Alerts, Loan Overdue Alerts Etc. Bank is Having 6 ATM Machines to serve their customers. Bank has Constructed New Head Office Building in Place of its old Premises near Gok avaram Bus Stand with all Infrastructure Facilities. The Present Board of Directors is facilitation all the services to its Members/ Public as a whole and increasing the Business of the Bank.

LITERATURE REVIEW

A comparative statement is a document that compares a particular financial statement with prior period statements. Previous financials are presented alongside the latest figures in side-by-side columns, enabling investors to easily track a company's progress and compare it with peers.

- **Fraser and Ormiston (2015):** Explored vertical analysis as a means of understanding the internal structure of financial statements, focusing on relationships between line items and total assets or revenue.

- **Lev (1969)**: Examined the role of comparative statements in trend analysis and their predictive value for financial performance.
- **Gibson (2020)**: Emphasized the use of trends in identifying patterns and irregularities in financial data.
- **Ball, Kothari, and Robin (2000)**: Investigated the differences in financial reporting and comparability across countries with diverse accounting standards.
- **Leuz, Nanda, and Wysocki (2003)**: Highlighted how uniform comparative statements can enhance global competitiveness and transparency.
- **Delen, Kuzey, and Uyar (2013)**: Studied the use of business analytics in automating comparative financial statement preparation.
- **Krahel and Vasarhelyi (2014)**: Explored the role of big data and artificial intelligence in improving the accuracy and utility of comparative statements.

SCOPE OF THE STUDY

The scope of the research is to identify the service quality of cooperative bank. This research is based on primary data and secondary data. This study only focuses on the dimensions of service quality i.e., rate. It aims to understand the key of the company in the area of service quality that are performing well and shows those areas which require improvement.

The study was done taking branch of cooperative bank into consideration. The survey was restricted to the bank customers in Rajahmundry only.

NEED OF THE STUDY

Training is the act of increasing the knowledge and skills of an employee for doing a particular job. It utilizes a systematic and organized procedure by which employee learns technical knowledge and skills. Training refers to the teaching and learning activities carried on for primary purpose of helping members of an organization. Training is closely related with education and development but needs to be differentiated from these terms. It is aimed at improving the behavior and performance of a person. Training is a continuous and life long process. Training provides an atmosphere of sharing synthesizing with the help of the trainers, the information already available on the subject.

OBJECTIVES OF THE STUDY

The study of the Aryapuram cooperative urban bank Ltd. has been undertaken to evaluate the overall efficiency of the organization by establishing the following objectives.

- The study the lending practice of gold loan followed by the cooperative bank
- To analyze the preference of the borrowers towards cooperative banks in availing gold loan
- To identify the factors influencing the borrowers to avail gold loans from the cooperative bank
- To study the NPA position of ACUB
- To analyze the problems faced by the borrowers while availing gold loan from cooperative bank
- To measure the level of satisfaction of the borrowers in availing gold loan provided by the cooperative.

METHODOLOGY OF STUDY

- This project is done purely by secondary data

PRIMARY DATA

Observation method

Data collection from the bank officials

SECONDARY DATA

To accomplish the before mentioned objectives, the data this study was gathered from the financial statements as published in the annual report. The annual data for Arya Puram cooperative urban bank Ltd during the (2019-2021) are used for calculating key financial ratios in order to assess its performance, in addition, another source of data was through references to the library and review of different articles, papers and relevant previous studies. This study uses a descriptive financial analysis to describe, measure, compare and classify the financial situations of ACUB Ltd.

Secondary sources of data

- Annual reports of the company

In-gold magazines and reports

Department manuals and publications

- Internet.

RESULTS DISCUSSION

Table 5.1

COMPARISON BETWEEN 2018-19 AND 2019-20

2018-19				2019-2020		
	NO OF ACCOUNTS	TOTAL	DEPOSITS	NO OF ACCOUNTS	TOTAL	DEPOSITS
FIXED	69274	54310.16	86.27%	65867	56651.78	84.75%
SAVINGS	77171	7340.19	11.66%	67986	8855.33	13.25%
CURRENT	846	262.07	0.42%	711	171.27	0.25%
RECURRING	2147	1044.6	1.65%	2164	1166.45	1.75%
TOTAL	149438	62957.02		136728	66844.83	

SOURCE: From the Annual Reports of Aryapuram Co-operative Urban Bank Limited

DATA INTERPRETATION FROM THE ABOVE DATA

- ❖ The fixed deposits are decreased comparison with 2019-20
- ❖ The savings deposits are decreased comparison with 2019-20
- ❖ The current deposits are decreased comparison with 2019-20
- ❖ The recurring deposits are increased comparison with 2019-20

Table 5.2

COMPARISON BETWEEN 2019-20 AND 2020-21

2019-2020				2020-2021		
	NO OF ACCOUNTS	TOTAL	DEPOSITS	NO OF ACCOUNTS	TOTAL	DEPOSITS
FIXED	65867	56651.78	84.75%	64660	62317.13	85.56%

SAVINGS	67986	8855.33	13.25%	70423	9237.3	12.68%
CURRENT	711	171.27	0.25%	721	179.81	0.25%
RECURRING	2164	1166.45	1.75%	1986	1100.2	1.51%
TOTAL	136728	66844.83		137790	72834.44	

SOURCE: From the Annual Reports of Aryapuram Co-operative Urban Bank Limited

DATA INTERPRETATION FROM THE ABOVE DATA

- ❖ The fixed deposits are decreased comparison with 2020-21
- ❖ The savings deposits are increased comparison with 2020-21
- ❖ The current deposits are decreased comparison with 2020-21
- ❖ The recurring deposits are increased comparison with 2020-21

Table 5.3

COMPARISOIN BETWEEN 2021-22 AND 2022-23

2021-22				2022-23		
	NO OF ACCOUNTS	TOTAL	DEPOSITS	NO OF ACCOUNTS	TOTAL	DEPOSITS
FIXED	59533	62706.66	64.69%	53110	60084.3	85.47%
SAVINGS	68864	10011.68	13.52%	69195	9160.31	13.03%
CURRENT	607	187.62	0.25%	597	115.69	0.17%
RECURRING	1860	1140.01	1.54%	1699	936.73	1.33%
TOTAL	130864	74045.94		124598	70297.03	

SOURCE: From the Annual Reports of Aryapuram Co-operative Urban Bank Limited

INTERPRETATION FROM THE ABOVE DATA

- ❖ The fixed deposits are increased comparison with 2022-23
- ❖ The savings deposits are decreased comparison with 2022-23
- ❖ The current deposits are increased comparison with 2022-23
- ❖ The recurring deposits are increased comparison with 2022-23

Table 5.4

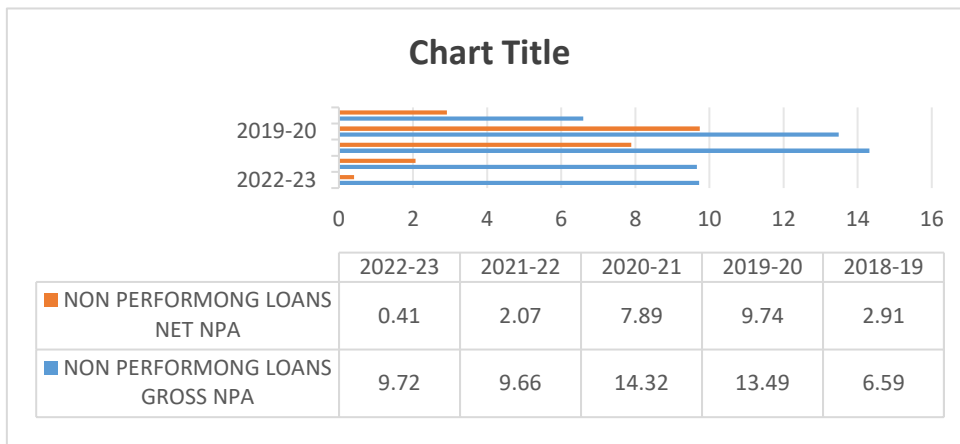
COMPARITIVE ANALYSIS OF NPA” S

NON PERFORMONG LOANS		
YEAR	GROSS NPA	NET NPA
2022-23	9.72	0.41
2021-22	9.66	2.07

2020-21	14.32	7.89
2019-20	13.49	9.74
2018-19	6.59	2.91

SOURCE: Compiled from Aryapuram Co-operative Urban Bank Limited

FIGURE 5.1
COMPARITIVE ANALYSIS OF NPA” S



SOURCE: From the Table 5.4z

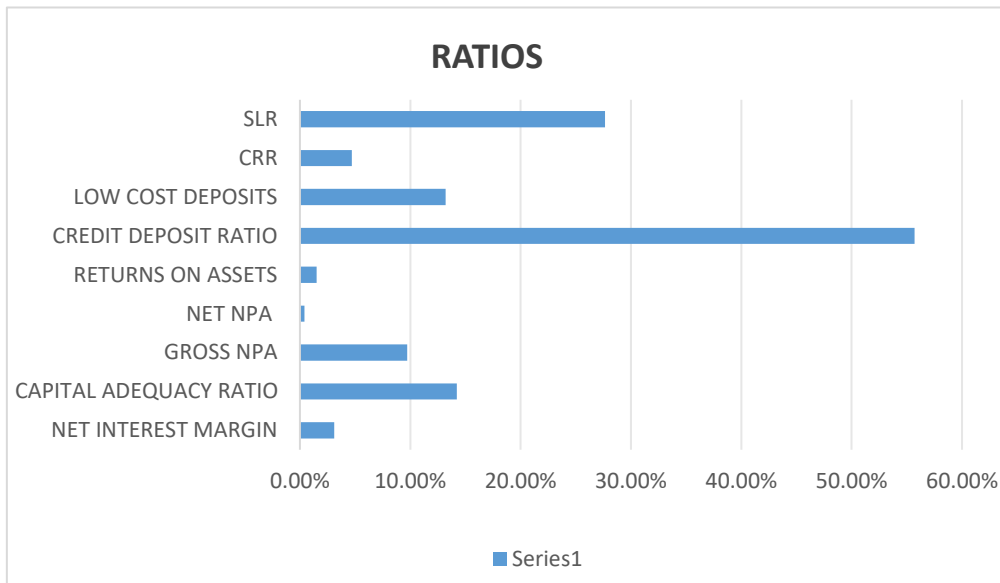
❖ NPA” S in 2020-21 non-performing loans are increased with comparison of 5 years and also the net NPA” S are decreased comparison with before 4 years.

Table 5.5
RATIO COMPARISON BETWEEN THE YEARS

RATIOS					
PARTICULARS	2022-23	2021-22	2020-21	2019-20	2018-19
NET INTEREST MARGIN	3.10%	2.68%	3.25%	3.30%	3.41%
CAPITAL ADEQUACY RATIO	14.23%	13.31%	14.32%	10.40%	10.50%
GROSS NPA	9.72%	9.66%	14.32%	13.49%	6.59%
NET NPA	0.41%	2.07%	7.89%	9.74%	2.91%
RETURNS ON ASSETS	1.51%	1.03%	1.16%	1.42%	1.23%
CREDIT DEPOSIT RATIO	55.70%	51.82%	53.23%	62.27%	63.37%
LOW-COST DEPOSITS	13.20%	13.77%	12.93%	13.50%	12.08%
CRR	4.70%	4.42%	4.11%	4.45%	4.29%
SLR	27.66%	27.56%	36.75%	20.40%	23.76%

Source: From the annual reports of aryapuram co-operative urban bank limited

Figure 5.2
RATIO COMPARISON BETWEEN THE YEARS



SOURCE: From the Table 5.5

Capital comparison is higher than previous four years. Net NPA are decreased comparison in before four years.

FINDINGS

1. The company is maintaining consistent Capital Depository ratio through the study period.
2. The net interest margin is decreased as compared to the during the financial year 2018-19 and during the pandemic they had the least net interest margin.
3. During the year 2020-21 the Net NPA is increased to the 14.32%
4. The credit Deposit Ratio is decreasing year by year.
5. NPA” S in 2020-21 non-performing loans are increased with comparison of 5 years and also the net NPA” S are decreased comparison with before 4 years.
6. The Fixed deposited are decreasing year by year but in the year 2022-23 the company had the increased fixed deposits.
7. The current deposits and the recurring deposits are unstable they getting increased by one year and getting decreased by another year
8. According to the balance sheet on 31.03.2019 the company had 100% Liabilities and 33% on Assets
9. According to the balance sheet on 31.03.2020 the company had 100% Liabilities and 100% on Assets.

SUGGESTIONS

1. The bank should try to improve its LDR further to 80%. This will make current operational efficiency improve to better results.
2. The improvement in terms of average deposit size should be achieved especially in main branch, morampudi and dowleswaram.
3. Even though NPA assets are under control, the bank is strongly recommended to improve such percentage by controlling non-performing assets.
4. Bank should take active measures to improve currently declining cash reserve ratio. This is necessary to increase the security for investors and deposits.
5. It is found in the study that other operating expenses of the bank are around 23% Therefore, recommended to exercise strict control on establishment expenses and operating expenses.
6. In the segments of gold loans, the performance of the bank must be improved. These are highly secured loans providing long term returns to the bank.

CONCLUSION

The study has been helped me a lot in obtaining and gaining knowledge about comparative statement analysis of THE ARYAPURAM COOPERATIVE URBAN BANK LIMITED. The study helps to know the interest rates, issue of loans, deposits, etc. The goal of the study is to analyze the performance of the banks during the period of 2019-23 to find out difference in banks and how those different effect customers. Comparative financial statement analysis helps to found the differences in bank operations based on the formation of banks. The study helps to find out the bank interest rates, which all services will provide to their customers, types of loans will provide to their customers, etc. In this study I came to know THE ARYAPURAM COOPERATIVE URBAN BANK LIMITED provides loans to customers. The Arya Puram cooperative urban Bank provides loans at less interest and this bank provides subsidy to the customers. EX: If a customer takes loan of 10,00,000, he need not to pay 2,00,000 that two lakhs is called as subsidy hence this facility is given only for farmers. The Arya Puram cooperative urban bank limited primary aim is developing Rural area by providing various loans to the customers. The Bank also provides high rate of interest for customer's deposits. The arapaima cooperative urban Bank limited comes under short term institution the bank provides short term loans to the customers and the interest rates for the loan is high and also it does not provide any subsidy facilities to the customers.

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