Financial Analysis of the Assam Co-Operative Apex Bank Limited

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Abstract

Financial analysis is structural and logical way to present overall financial performance of a financial institution. It's also help to evaluate and decision making for business operation. In financial analysis process ratio analysis is the most dominant and logical structure to help business related stakeholder. Financial statement analysis is very useful as they serve varied affected group having an economic interest in the activities in the business entity. Let us analyze the purpose served by financial statement.

1. The basic purpose of this bank financial statement is communicated to their interested users, quantitative and objective information is useful in making economic decisions.
2. Secondly, this bank financial statements analysis is intended to meet the specialized needs of conscious creditors and investors.
3. Thirdly, this bank financial statement is prepared to provide reliable information about the earning of a business enterprise and it ability to operate of profit in future. The users who are interested in this information are generally the investors, creditors, suppliers and employees.
4. Fourthly, financial statements are intended to provide the base for tax assessments.
5. Fifthly, this bank financial statement are prepare in a way a provide information that is useful in predicting the future earning power of the enterprise.
6. Sixthly, this bank financial statements are prepares to provide reliable information about the changes in economic resources.
7. Seventhly, this bank financial statements are prepares to provide information about the changes in net resources of the organization that result from profit directed activities.

Thus, this bank financial statement analysis satisfy the information requirements of a wide cross-section of the society representing corporate managers, executives, bankers, creditors, shareholders investors, labourers, consumers, and government institution.

Introduction

Under the financial ratio analysis process there are few categories to identical area of financial institution. So business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis. These ratios not only help to decision making process also emphasized on risk avoiding and profit raising related factors. To calculate this ratio need to take quantitative data from bank trading activity and other sources.Investopedia Describe about ratio analysis as Quantitative analysis of information contained in a company's financial statements. Ratio analysis is based on line items in financial statements like the balance sheet, income statement and cash flow statement; the ratios of one item – or a combination of items - to another item or combination are then calculated. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Ratios are also compared across different companies in the same sector to see how they stack up, and to get an idea of comparative valuations. Ratio analysis is a cornerstone of fundamental analysis (Investopedia). Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. In the absence of banking business, savings would sit idle in our homes, the entrepreneurs would not be

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in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses.The government of India started the cooperative movement of India in 1904. Then the government therefore decided to develop the cooperatives as the institutional agency to tackle the problem of usury and rural indebtedness, which has become a curse for population. In such a situation cooperative banks operate as a balancing Centre. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system. In brief, the cooperative banks have to act as a friend, philosopher and guide to entire cooperative structure. These banks provide most services such as savings and current accounts, safe deposit lockers, loan or mortgages to private and business customers. For middle class users, for whom a bank is where they can save their money, facilities like Internet banking or phone banking is not very important. Although they are not better than private banks in terms of facilities provided, their interest rates are definitely competitive. However, unlike private banks, the documentation process is lengthy if not stringent and getting a loan approved quickly is rather difficult.Today a large section of people, who have minimal financial literacy, are keen to know the financial performance status of the banks where their deposits are vested. They may be as an investor, manager, employee, owner, lender, customer, government and public at large. Financial performance is not airily available from the records and files in any organisation. It has to be derived by the usage of financial statement analysis techniques. The selection and Usage of technique is subject to the option of the user. Some of the important and commonly .Used techniques are: Profitability Ratio Analysis, Comparative statement analysis, Common size analysis and Camel Analysis. The usefulness of ratios depends on skilful interpretation and intelligence of the user. The present study is devoted to analyse the financial performance of The Assam Co-Operative Apex Bank Ltd .By using ratio analysis, Comparative Statement Analysis and Camel Analysis with a view to give meaningful interpretations for the stakeholders of the selected Bank.

About Assam

Assam, state of India. It is located in the north-eastern part of the country and is bounded to the north by the kingdom of Bhutan and the state of Arunachal Pradesh, to the east by the states of Nagaland and Manipur, to the south by the states of Mizoram and Tripura, and to the west by Bangladesh and the states of Meghalaya and West Bengal. The name Assam is derived from the word asama, meaning "peerless" in the now extinct Ahom language. The neigh bouring states of Arunachal Pradesh, Nagaland, Mizoram, and Meghalaya were once part of Assam. The capital, formerly Shillong (now the capital of Meghalaya), was shifted to Dispur, a suburb of Guwahati, in 1972. Area 30,285 square miles (78,438 square km). Pop. (2011) 31,169,272.Assam, which is shaped roughly like a Y laid on its side, is a land of plains and river valleys. The state has three principal physical regions: the Brahmaputra River valley in the north, the Barak River (upper Surma River) valley in the south, and the hilly region between Meghalaya (to the west) and Nagaland and Manipur (to the east) in the south-central part of the state. Of those regions, the Brahmaputra River valley is the largest. According to Hindu mythology, the Brahmaputra rises as the son of the god Brahma from a sacred pool known as the Brahmakund, in neighboring Arunachal Pradesh. The river enters Assam near Sadiya in the extreme northeast and runs westward through the length of Assam for nearly 450 miles (725 km) before turning south to enter the plains of Bangladesh. Studded with low, isolated hills and ridges that rise abruptly from the plain, the valley is rarely more than 50 miles (80 km) wide and is surrounded on all sides, except on the west, by mountains. Numerous streams and rivulets that flow from the neighboring hills empty into the Brahmaputra. Although only a small portion of the Barak River valley lies within Assam's borders, it nevertheless forms an extensive lowland area that is important for agriculture in the state's southern region. Geologically, the Brahmaputra and Barak valleys lie on ancient alluvial sediments, which themselves cover a variety of deposits from the Neogene and Paleogene periods (i.e., some 2.6 to 65 million years old). Among those deposits is hard sandstone, soft and loose sand, conglomerates, coal seams, shales, sandy clays, and limestone.The south-central hills between Meghalaya, Nagaland, and Manipur include the North Cachar Hills and form part of the Meghalaya Plateau, which may have been an extension of Gondwana (an ancient landmass in the Southern Hemisphere that once grouped together South America, Africa, Australia, and part of the Indian subcontinent). Isolated from the main plateau by the embayments of the Kepili River, the upland there displays a rugged topography. It generally has a northerly slope, with average elevations ranging from about 1,500 feet (450 metres) to about 3,300 feet (1,000 metres).Roughly between the Brahmaputra valley and the south-central hill region are the northern ranges, which extend northeastward from Dabaka (east of Dispur) to Bokakhat in east-central Assam. The Rengma Hills to the south of the ridge average about 3,000 feet (900 metres). Their most prominent peak is Chenghehishon (4,460 feet [1,360 metres]). Earthquakes are common in Assam. Among the most severe are those recorded in 1897, with the Shillong Plateau as the epicenter; in 1930, with Dhuburi as the epicenter; and in 1950, with Zayu (Rima) in Tibet at the Arunachal Pradesh border as the epicenter. The 1950 earthquake is considered one of the most disastrous in South Asia's history. It created heavy landslides that blocked the courses of many hill streams. The floods that followed the bursting of those earthquake-generated dams caused more loss of life and property than the earthquake itself. Average temperatures in Assam range from highs in the upper 90s F (about 36 °C) in August to lows in the mid-40s F (about 7 °C) in January. The cool season generally lasts from October to February and is marked by fogs and brief showers. The state escapes the normal Indian hot, dry season. Although some rain occurs from March through May, the heaviest precipitation comes with the southwest

Remarking

monsoon, which arrives in June, stays through September, and often causes widespread and destructive flooding. Annual rainfall in Assam is not only the highest in the country but also ranks among the highest in the world; its annual average varies from about 70 inches (1,800 mm) in the west to more than 120 inches (3,000 mm) in the east.Forests, formerly extending over nearly two-fifths of the state's area, were reduced by the creation of Meghalaya and Mizoram in the early 1970s. In the early 21st century about one-third of Assam was covered with various types of woodlands, including tropical evergreen and deciduous forests, broad-leaved hill forests, pine forests, and swamp forests, as well as grasslands. Assam is home to some 75 species of trees, many of which have commercial value. Sal (*Shorea Robusta*) and hollong (*Dipterocarpus rhetusus*) trees are among the most bountiful of the hardwoods. Bamboo, orchids, and ferns also are abundant.Assam has numerous wildlife sanctuaries, the most prominent of which are two UNESCO World Heritage sites-the Kaziranga National Park (designated in 1985), on the bank of the Brahmaputra River, and the Manas Wildlife Sanctuary(designated in 1992), near the border with Bhutan. Both are refuges for the fast-disappearing Indian one-horned rhinoceros, and the sanctuary at Manas is known especially for its tigers and leopards. Among the other notable inhabitants of Assam's forests are elephants, gaurs (wild oxen), wild pigs, various species of deer, and primates, such as langurs and hoolock gibbons. Common birds include cormorants, herons, ducks, and other water birds, as well as warblers, thrushes, owls, and peacocks. Hornbills are characteristic of Assam, although they are endangered in some areas. The state also has dozens of species of reptiles, including poisonous snakes, such as kraits, cobras, and vipers; an array of lizards, skinks, and geckos; and many types of turtles.The people of the plains of the Brahmaputra and Barak valleys are mainly of Indo-Iranian ancestry. By the time of their arrival in the region, however, the local Aryan peoples had become intermixed with Asiatic peoples. The Ahom people, who arrived in the region from mainland Southeast Asia during the 13th century, ultimately stem from Yunnan province of southern China. A significant minority of the population consists of rural indigenous peoples who fall outside the Indian caste system; as such, they are officially designated as Scheduled Tribes. The Boro constitute the largest of these groups. Most of the Scheduled Tribes live in the south-central hill region and are of Asiatic descent. Assamese, an Indo-Aryan language, is the official and principal language of the state, and an unbroken record of Assamese literary history is traceable from the 14th century. Tibeto-Burman languages are spoken by most of the

Scheduled Tribes, although the Khasi people speak an Austroasiatic tongue; some groups have adopted Assamese as their first language. The people in the Barak valley in southern Assam mostly speak Bengali (also called Bangla), which, like Assamese, is an Indo-Aryan language. About two-thirds of the Assamese are Hindus, the majority of whom follow Vaishnavism, which venerates the deity Vishnu. Roughly one-fourth of the population practices Islam, most Muslims being settlers from Bangladesh or converts from the lower strata of Hindu society. Although many of the Scheduled Tribes have converted to Christianity, some continue to practice traditional local religions; the Mikir and Kachari peoples are mostly Hindus.

About Assam Co-Operative Apex Bank

The Assam Cooperative Apex Bank Ltd. (ACAB) was established in 1948. Since then the Bank has developed and expanded its activities/ operations and has grown in manifolds. The Bank has a wide network of 68 branches and 6 Zonal Offices spread throughout the state the State providing effective banking products and other related services to the general public of Assam. The ACAB has mobilized Deposit Resources of more than Rs. 1400 Crores and has advanced over Rs. 550 Crores (Approx.) for various development activities in the State.

Objectives of ACAB

The code of standards and Fair practices for the Bank has been developed with a view to achieving the following objectives:

To ensure standardized services to customers.

1. To promote good and healthy banking practices by setting minimum standards which will be follow in dealings with customers.
2. To foster customer confidence in the banking system and
3. To inculcate self – discipline among the affiliates with a view to promote health competition and ethical practices in respect of banking service.

Organizational Structure
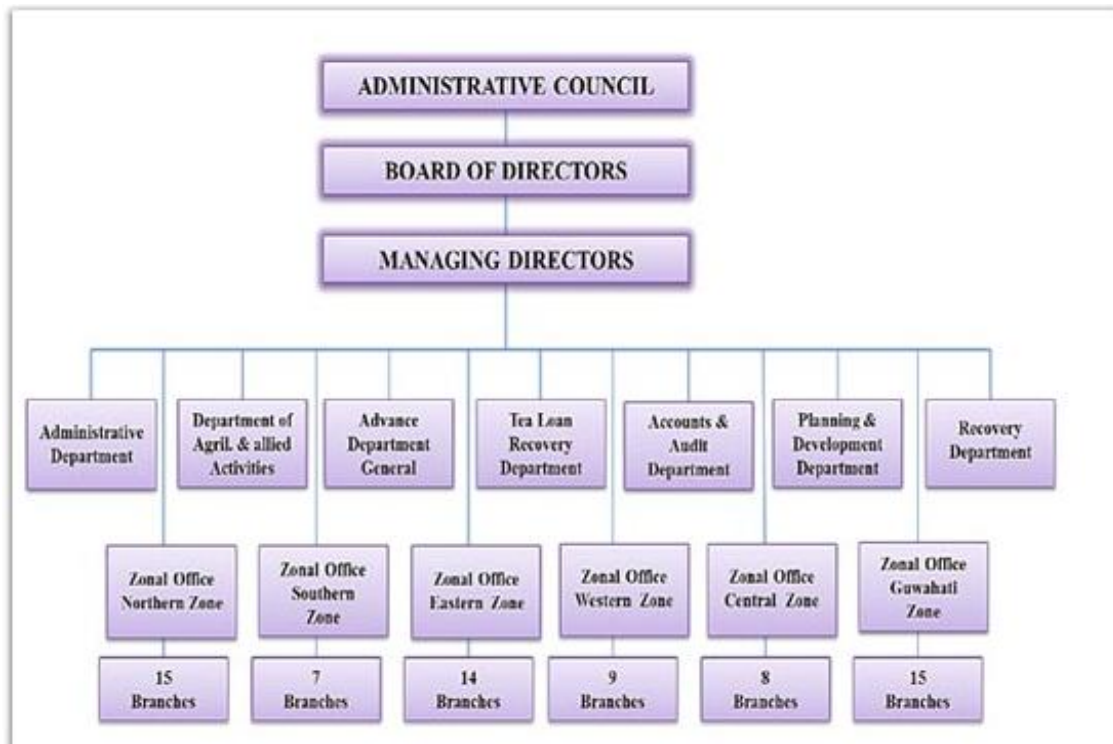
Review of Literature

In this route, the researchers like Chidambaram and Alemelu (1994), Sarkar and Das(1997), Ajit and Bangar (1998), Bhatia and Verma (1998), Kaur and Bhatia (1998), Padmanabhan (1998), Dasgupta (2000), Desai and Farmer (2001), Edirisuriya and Fang (2001), Mittal (2001), Passah (2001), Sikander and Mukherjee (2001), Khatik (2002), Sangmi (2002), Purohit,et al (2003), Kapil and Nagar (2003), Duncan et al (2004), Reddy (2004) and Mohanty (2006) have attempted to make a contribution in the field.

Research Gaps

Among all these researchers, no one has used the latest technique of CAMEL Parameters to study the financial performance of the Indian banks.

It is against this backdrop that the present study has been undertaken to fill up this gap.

Research Methodology

Need for Study

This study tries to get a fair picture of financial position of The Assam Co-Operative Apex bank Ltd. This study will help in providing important and valuable information to the management which will help them in taking necessary steps to further improve their financial position in the near future.

By showing the financial performance of various lenders and creditors it is possible to get credit in easy terms if good financial condition is maintained in the company with assets outweighing the liabilities.

Objectives of the Study

To evaluate the financial position of the Bank.

1. To analyse the changes in the Assets and Liabilities structure of the bank during the period of study.

2. To analyse the profitability and solvency position.
3. To analyse the financial stability & overall performance of the Bank in general.

Research Design

The Researcher had to use facts & information already available through financial statement of earlier years and analyses these to make critical evaluation of the available material.

Data Collection

The method of data collected was mainly done in one common form i.e. Secondary data from the annual reports published by the Bank.

Data Analysis

The secondary data was analyzed by using:

1. Comparative Statement Analysis.
2. Profitability Ratio Analysis.
3. Camel Analysis.

Limitation of the Study

1. The study of the financial performance can be only a means to know about the financial condition of the Bank and cannot show the picture of the activities of the Bank.
2. As such data are taken from the records; the analysis is based on the rendered information from the concerned institution alone.

Data Analysis

Balance Sheet

A Balance Sheet shows a true financial position on a certain date. For that purpose in view, we must take all assets and liabilities in a Balance Sheet at their proper values so that there should not be any under or over valuation of assets and liabilities. But the correctness of a Balance Sheet depends to a large extent on the net profit disclosed by the Profit and Loss Account as net profit is included in the Balance Sheet.

According to CARTER, "A Balance Sheet is a statement drawn up at the end of each trading or financial period, setting forth the various assets and liabilities of the concern as at this date."However, it is also described as a summary of debit and credit balances existing in the ledger after the Profit and Loss Account has been constructed. This is a better definition because it often contains items which are not either assets or liabilities. It is prepared with a view to measure the exact financial position on a certain fixed date. So it is also called a "Position Statement."The main objective of preparing a Balance Sheet is to ascertain the financial position of the business on a particular date. While ascertaining the financial position, we also obtain the following important information:The nature and the value of assets.

1. The nature and the extent of liabilities and actual capital.
2. Whether the business is solvent and
3. Whether the business is overtrading, or under trading.

Data Analysis: Comparative Statement

By using comparative statement method we studied the comparative Balance Sheet of the ACAB ltd from 2009-2010 to 2013-2014 and try to find out the current financial position of the ACAB ltd.

Comparative Balance Sheet

Particulars	Changes in (Rs)	Changes in (%)	Changes in (Rs)	Changes in (%)	Changes in (Rs)	Changes in (%)	Changes in (Rs)	Changes in (%)
Liabilities	**2009-2010**		**2010-2011**		**2011-2012**		**2012-2013**	
1. Capital	3241250	4.15	7109600	8.74	2961450	3.35	6051800	6.62
2. Reserve Fund And Other Reserve	730244026.7	306.56	-746955321	-77.12	75394320	0.34	-186258419.2	-62.73
3.Deposits & Other Accounts	3556942237	29.92	149682818	0.96	-588434288	-3.77	4502895669	30.06
4. Borrowings								
5. Bills For Collection	-4300973.73	-12.25	-4983968.04	-16.17	23047784.45	89.25	-40545439.78	-82.96
6. Branch Adjustment							210891017.6	574.39
7. Interest Reserve	-146181125	-10.96	-59260012	-4.99	-114477045	-10.14	10075807047	9.94
8. Interest Payable	1977005.09	2.54	5935629.8	7.44	-18865009.56	-22.01	-9487240.5	-14.19
9. Other Liabilities	-630111442	-60.75	937964379	230.44	-188081783	-13.98	-171356317.1	-14.81
10. Any Branch Banking							6315099.16	1349.03
Total Liabilities	4032315317	346.13	572802116.4	128.73	-568662600.5	329.47	4727497230	-1.66

Particulars	Changes in (Rs)	Changes in (%)	Changes in (Rs)	Changes in (%)	Changes in (Rs)	Changes in (%)	Changes in (Rs)	Changes in (%)
	2009-2010		**2010-2011**		**2011-2012**		**2012-2013**	
Assets								
1. Cash	178408265.9	41.32	-120733267.2	-19.78	-242517780.2	-49.55	-152459655.5	-61.75
2. Balance With Other Banks	234179875	269.51	14058224.1	4.37	84949068.6	25.34	123926146.9	29.5
3. Investment	3638293159	46.57	-1253894435	-10.95	-324632433	-3.18	2811825050	28.48
4. Advances	-93800268	-2.9	1914005199	61.06	-211313683	-4.18	2029202195	41.95
5. Interest Receivable	82449526	4.06	-1836685	-0.08	-34151018	-1.62	-49302541	-2.37
6. Bills Receivable	-4300973.73	-12.25	-4983968.04	-16.17	23047784.45	89.25	-40545439.78	-82.96
7. Branch Adjustments								
8. Premises	-553814.8	-0.52	216847.2	0.2	849000.1	0.81	3827927.7	3.64
9. Furniture & Fixture	641839.22	11.62					5128475.62	44.07
10. Other Assets	-3002291.16	-11.28	25970201.37	110.08	135106460.6	272.6	-4104929.1	-2.22
Total Assets	4032315317	346.13	572802116.4	128.73	-568662600.5	329.47	4727497230	-1.66

Data Interpretation

1. The assets and liabilities went on increasing from 09-10 to 10-11. It decreased from 11-12 then again it increased from 2012-2013.
2. The percentage of change in assets and liabilities decreased in 2010-2011 again it rose in 2011-2012 but the percentage of change again decreased in 2012-2013.
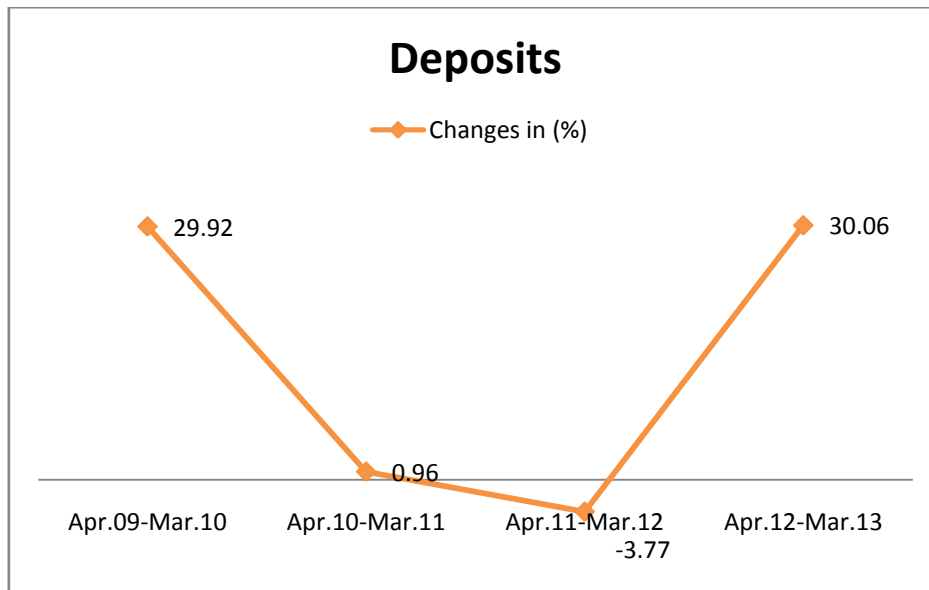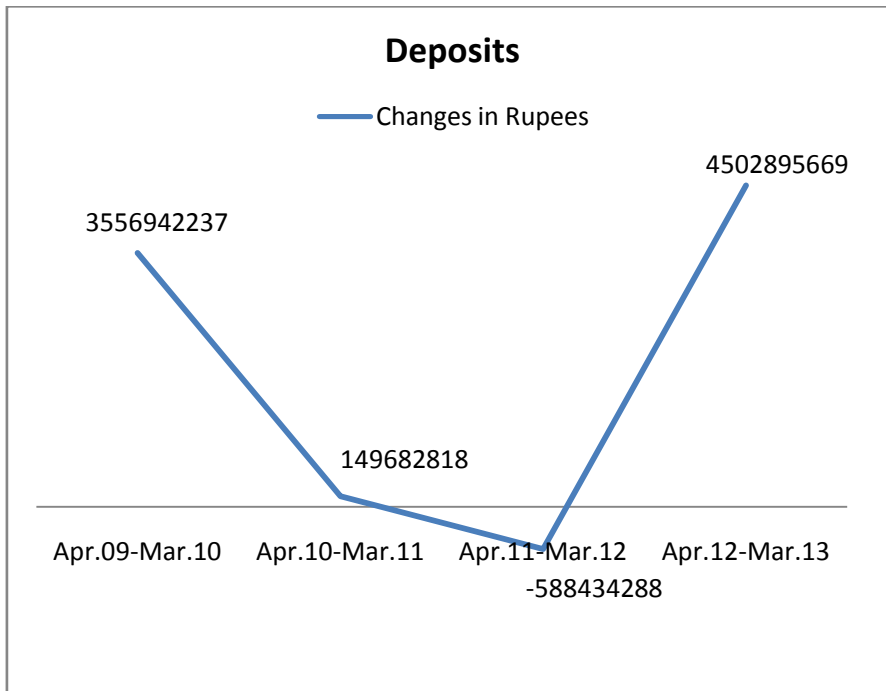
Changes in Balance Sheet

Table 4.1

A. Deposits

Deposits		
Year	Changes in (₹)	Changes in (%)
Apr.09-Mar.10	3556942237	29.92
Apr.10-Mar.11	149682818	0.96
Apr.11-Mar.12	-588434288	-3.77
Apr.12-Mar.13	4502895669	30.06

4.1. A. Graph-1

Deposits

Changes in Rupees

3556942237

4502895669

149682818

Apr.09-Mar.10   Apr.10-Mar.11   Apr.11-Mar.12   Apr.12-Mar.13

-588434288

Deposits

Changes in (%)

29.92

30.06

0.96

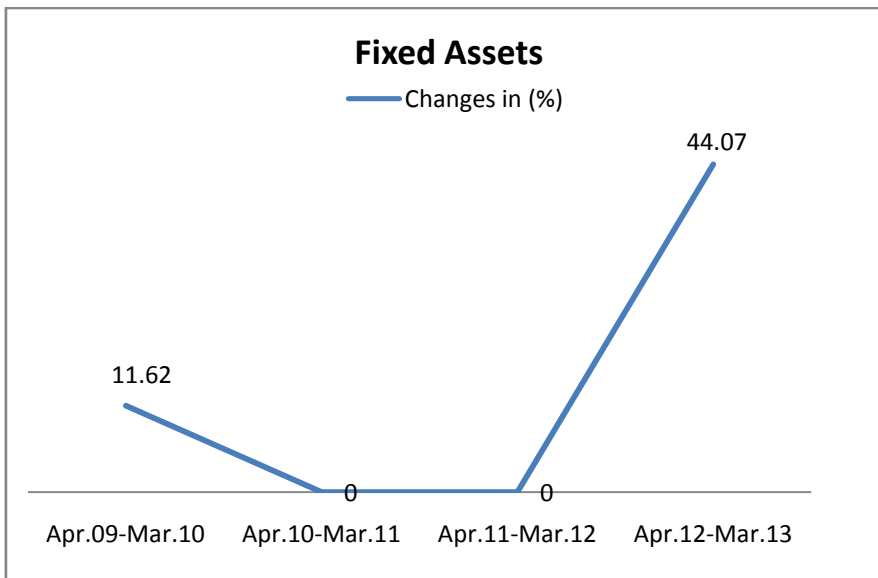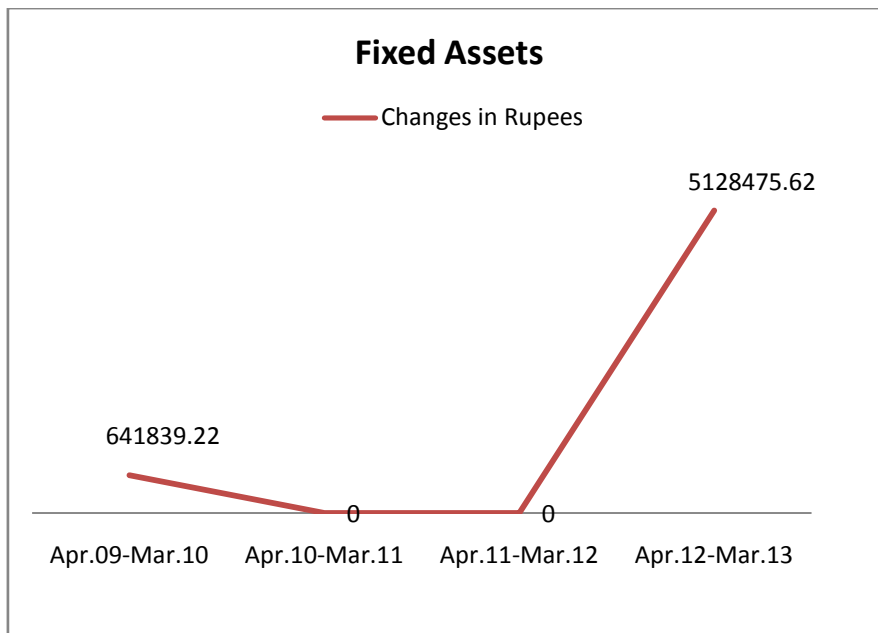Apr.09-Mar.10   Apr.10-Mar.11   Apr.11-Mar.12   Apr.12-Mar.13

-3.77

Interpretation

Deposits during Apr.09-Mar.10 increased by 29.92%, but in Apr.10-Mar11 and again in Apr.11-Mar12 it decreases to 0.96% and -3.77% respectively. But during Apr.12-mar.13 the deposits increased by 30.06%.

The main reason of increases or decreases in the deposits depends on the number of customers and the amount they deposited in the Bank.

Table 4.1.B. Fixed Assets

Fixed Assets		
Year	Changes in (₹)	Changes in (%)
Apr.09-Mar.10	641839.22	11.62
Apr.10-Mar.11	-	-
Apr.11-Mar.12	-	-
Apr.12-Mar.13	5128475.62	44.07

4.1. B. Graph -2

Fixed Assets — Changes in Rupees

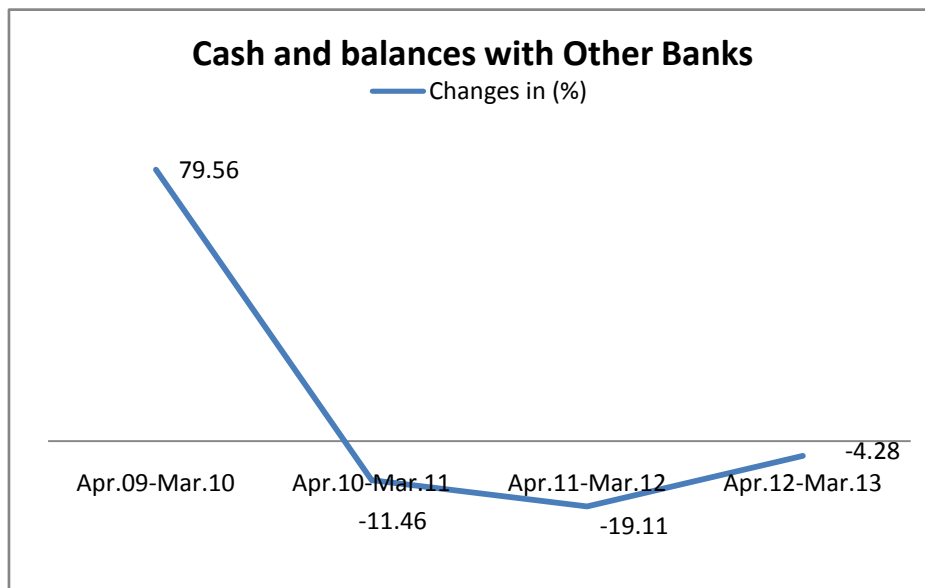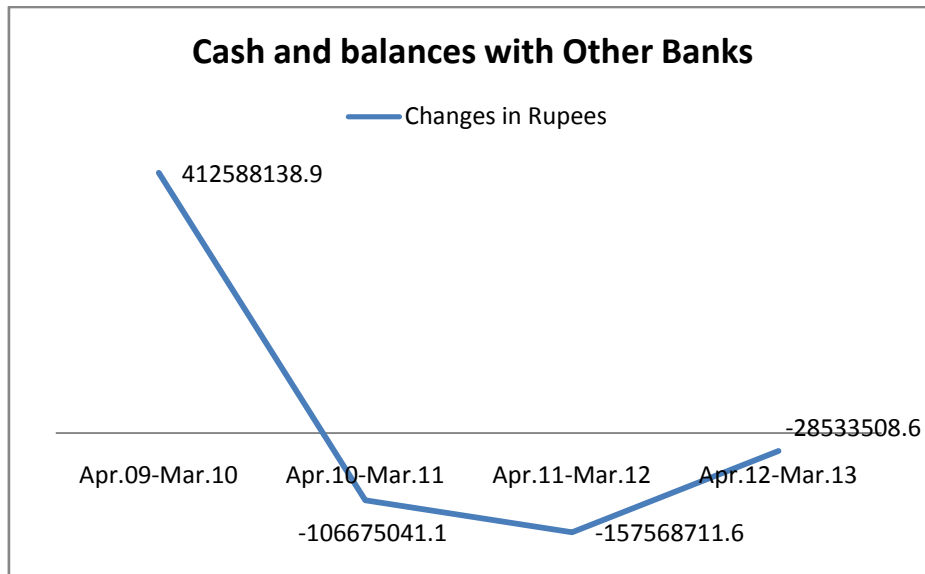
Fixed Assets — Changes in (%)

Interpretation

The comparative balance sheet of the Bank reveals that the fixed assets during Apr.09-Mar.10 were 11.62% but during Apr.10-Mar.11 and again in Apr.11-Mar.12 the change in percentage of the fixed assets were nil. The change in the percentage of fixed assets again increased during Apr.12-Mar.13 by 44.07%.

Table 4.1.C
Cash and Balances with Other Banks

Cash and Balances with Other Banks		
Year	Changes in (₹)	Changes in (%)
Apr.09-Mar.10	412588138.9	79.56
Apr.10-Mar.11	-106675041.1	-11.46
Apr.11-Mar.12	-157568711.6	-19.11
Apr.12-Mar.13	-28533508.6	-4.28

4.1. C. Graph-3

Cash and balances with Other Banks — Changes in Rupees

412588138.9, −106675041.1, −157568711.6, −28533508.6 for Apr.09-Mar.10, Apr.10-Mar.11, Apr.11-Mar.12, Apr.12-Mar.13

Cash and balances with Other Banks — Changes in (%)

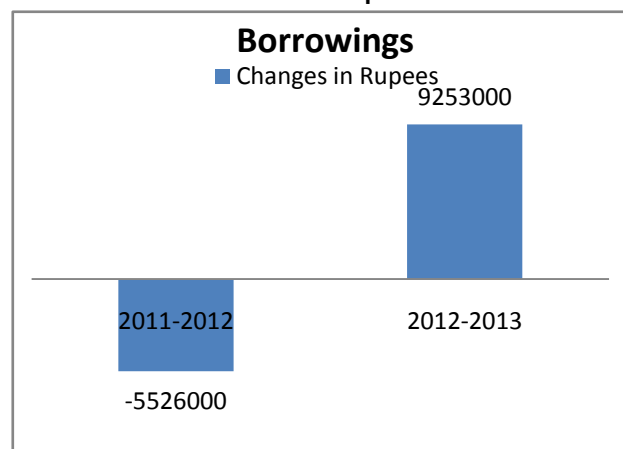79.56, −11.46, −19.11, −4.28 for Apr.09-Mar.10, Apr.10-Mar.11, Apr.11-Mar.12, Apr.12-Mar.13
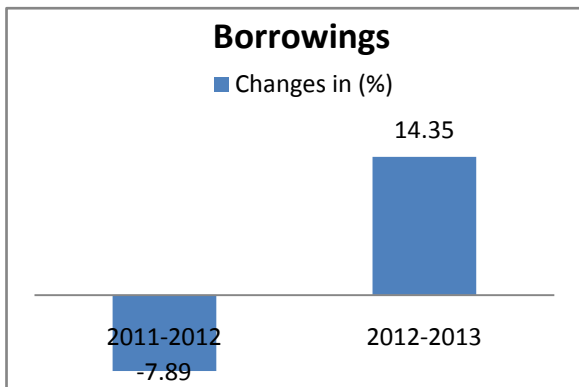
Interpretation

The comparative balance sheet of the Bank reveals that during Apr.09-Mar.10 the cash and balances with other banks shows an increase of 79.56%. But from Apr.10-Mar11, Apr.11-Mar12 and Apr.12-Mar.13 the percentage of changes of the cash and balances with other banks decreases to -11.46%, -19.11% and -4.28% respectively.

Table 4.1. D. Borrowings

Borrowings		
Year	Changes in (₹)	Changes in (%)
2009-2010	.	.
2010-2011	.	.
2011-2012	-5526000	-7.89
2012-2013	9253000	14.35

4.1. D. Graph-4

Borrowings — Changes in Rupees

9253000 (2012-2013), -5526000 (2011-2012)

Remarking

Borrowings

■ Changes in (%)
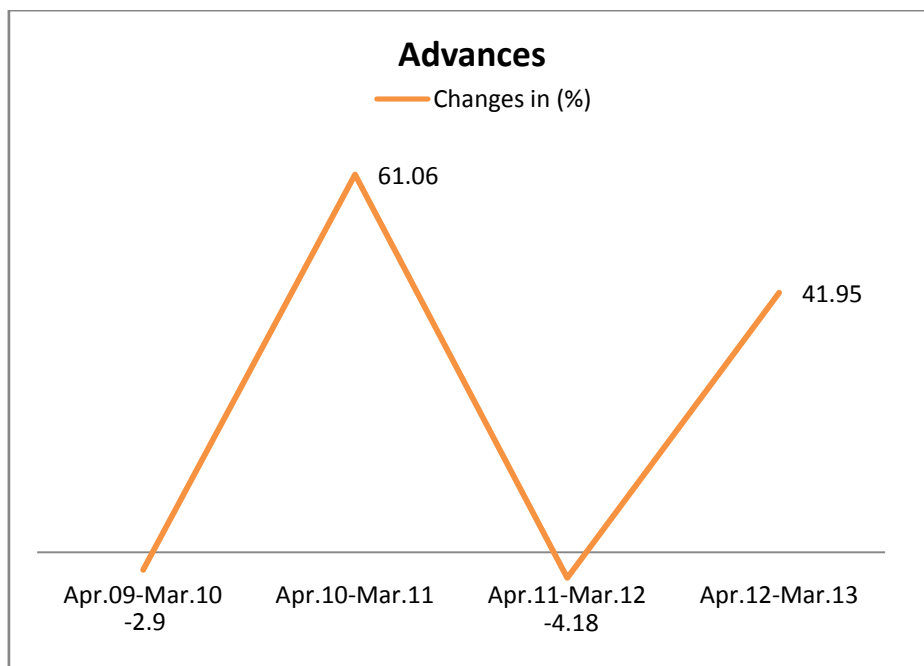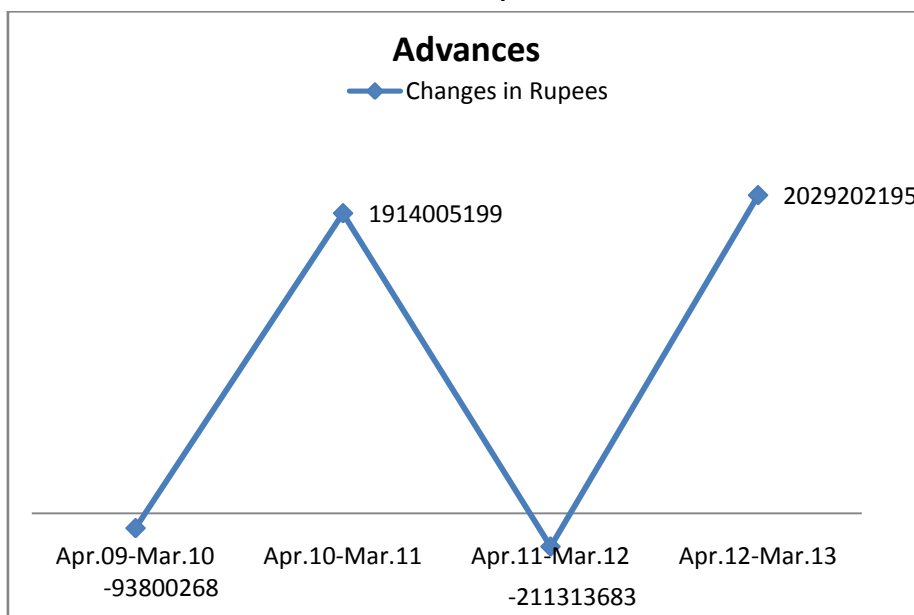
14.35

2011-2012   2012-2013

-7.89

Interpretation

The comparative balance sheet of the bank reveals that there were no borrowings by the bank during 2009-2010 and 2010-2011. But in 2011-2012 the changes in the Rupees of the borrowings was decreased by -₹5526000 and the changes in percentage was -7.89%. During 2012-2013 the changes in Rupees was increased by- ₹9253000and also the changes in percentage is – 14.35%

Table 4.1. E. Advances

Advances		
Year	Changes in (₹)	Changes in (%)
Apr.09-Mar.10	-93800268	-2.9
Apr.10-Mar.11	1914005199	61.06
Apr.11-Mar.12	-211313683	-4.18
Apr.12-Mar.13	2029202195	41.95

4.1. E. Graph-5

Advances

◆ Changes in Rupees

1914005199

2029202195

Apr.09-Mar.10   Apr.10-Mar.11   Apr.11-Mar.12   Apr.12-Mar.13

-93800268   -211313683

Advances

— Changes in (%)

61.06

41.95

Apr.09-Mar.10   Apr.10-Mar.11   Apr.11-Mar.12   Apr.12-Mar.13

-2.9   -4.18

21

Remarking

Interpretation

Advances decreased by -2.9% in the year Apr.09-Mar.10 but in the year Apr.10-Mar.11 it increases to 61.06% but it again decreases to -4.18% in the year Apr.11-Mar.12. Again in the year Apr.12-Mar.13 the advances were increased by 41.95%. If advance increases there is a healthy growth in its retail disbursement.

Profitability Ratio

Profitability Ratio is a class of financial metrics that are used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time. For most of these ratios, having a higher value relative to a competitor's ratio or the same ratio from a previous period is indicative that the company is doing well.

Profitability ratios are the most popular metrics used in financial analysis.

Some examples of profitability ratios are profit margin, return on assets and return on equity.

Profitability Ratio Analysis

1. Return on Total assets: Net Profit After Tax/ Total Assets * 100

Table 4.3(A)
Return on Total Assets

Year	Net Profit After Tax	Total Assets	Return on Total Assets
2009	64405605.59	13812688649	0.46%
2010	446647599.5	17788087732	2.51%
2011	259822804.9	18392427532	1.41%
2012	198545958.3	17797701409	1.12%
2013	58548712.56	22525198639	0.26%

Graph 4.3(A) Return on Total Assets
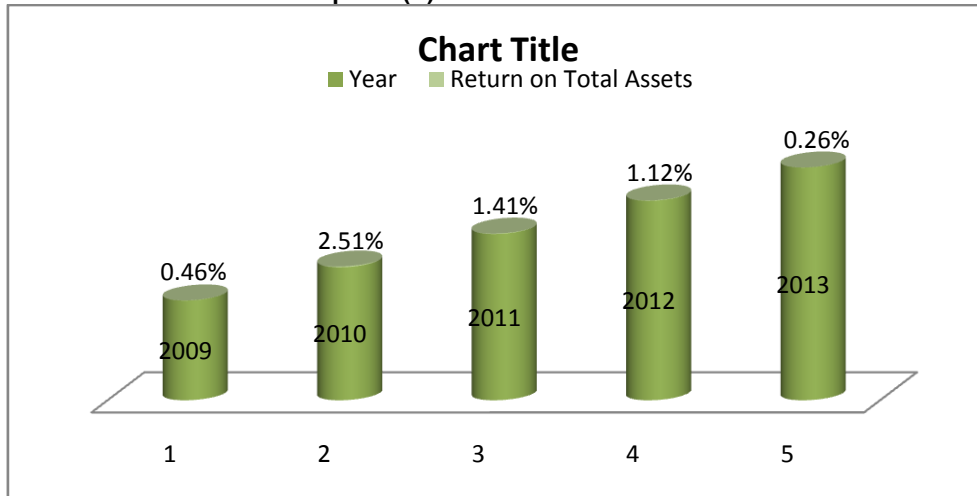
Interpretation

There has been a considerable in increasing and decreasing Trend in Total Assets. In 2nd and 3rd year ratio was increased but during 4th and 5th the trend goes down due to decrease in profits and increase in assets.
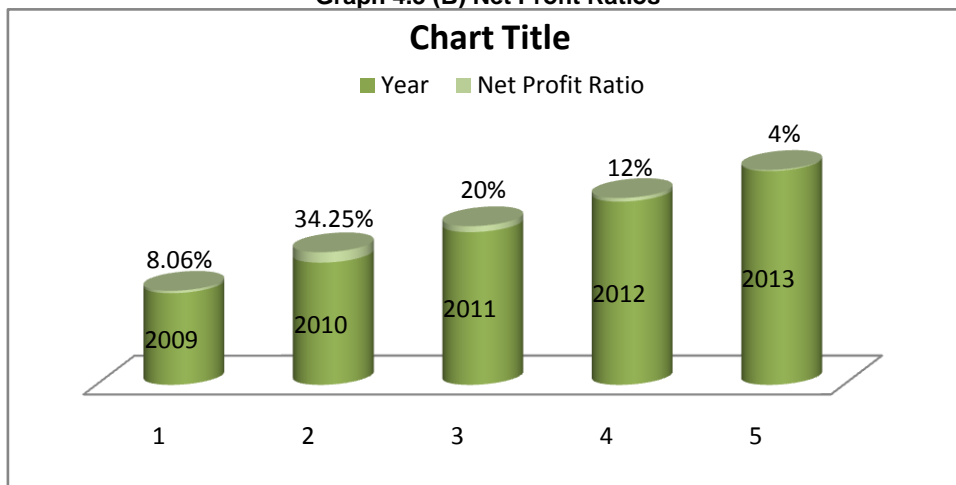
Net Profit Ratio

Net Profit/ Revenue * 100

Table 4.3 (B)
Net Profit Ratios

Year	Net Profit	Revenue	Net Profit Ratio
2009	64405605.59	798469147.5	8.06%
2010	446647599.5	1303947478	34.25%
2011	259822804.9	1330472000	20%
2012	198545958.3	1678967756	12%
2013	58548712.56	1606743261	4%

Graph 4.3 (B) Net Profit Ratios

Interpretation

The ratio shows that in the year 2009 the ratio was 8.06% but from 2010 and 2011 the ratio was increased by 34.25% and 20% respectively. Again the ratio shows that there was decrease in the ratio during 2012 and 2013 by 12% and 4% respectively. It shows that the profitability of the Bank is not good. Due to increasing in the deposits the percentage of the profits was decreasing.
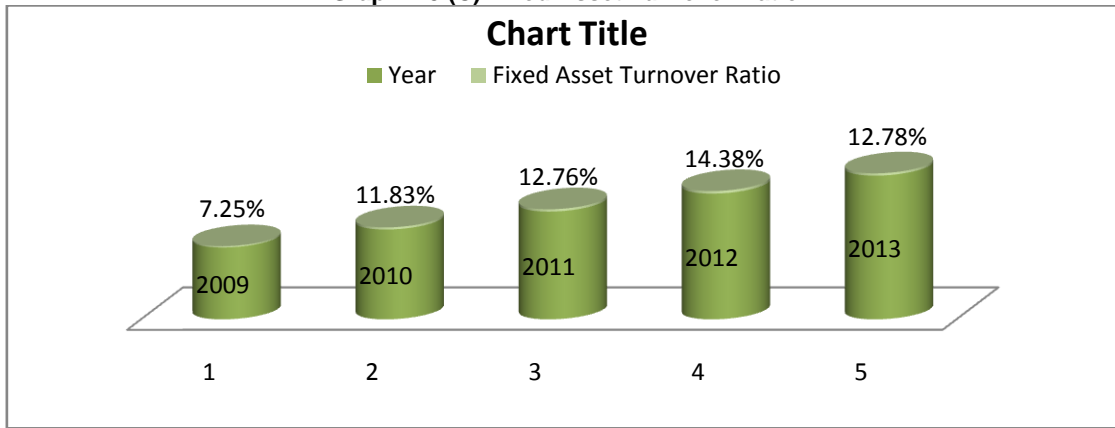
Fixed Asset Turnover Ratio

Revenue/ Fixed Assets *100

Table 4.3 (C)
Fixed Asset Turnover Ratio

Year	Revenue	Fixed Assets	Fixed Asset Turnover Ratio
2009	798469148	110105891.6	7.25%
2010	1303947478	110193961.1	11.83%
2011	1330472000	104248023.3	12.76%
2012	1678967756	116733925.4	14.38%
2013	1606743261	125690328.7	12.78%

Graph 4.3 (C) Fixed Asset Turnover Ratio

Interpretation

In the year 2009 the ratio was 7.25% and after 2009 the ratio was 11.83%, 12.76% and 14.38% in the year 2010, 2011 and 2012 respectively but in the year 2013 the ratio was decreased to 12.78%.
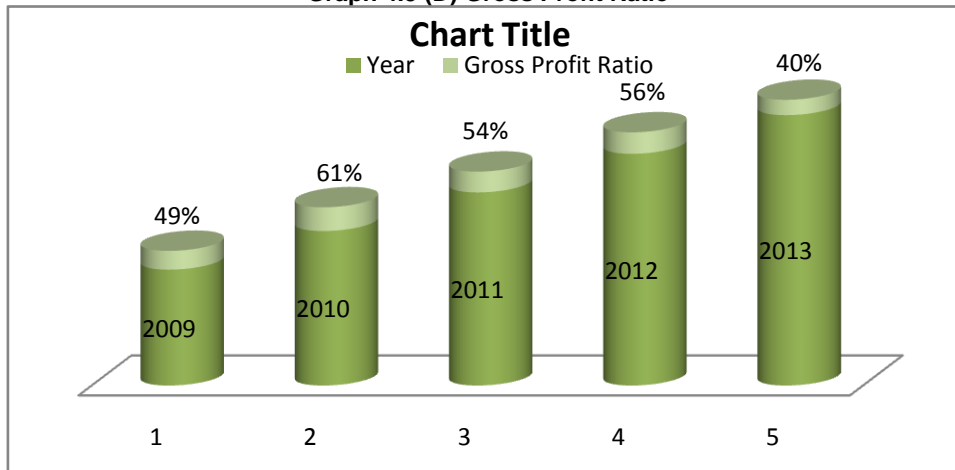
Gross Profit Ratio

Gross Profit/ Revenue * 100

Table 4.3 (D)
Gross Profit Ratio

Year	Gross Profit	Revenue	Gross Profit Ratio
2009	388666957.7	798469147.5	49%
2010	801525782.1	1303947478	61%
2011	716865315.6	1330472000	54%
2012	932549491.3	1678967756	56%
2013	639615133	1606743261	40%

Graph 4.3 (D) Gross Profit Ratio

Interpretation

The Gross Profit ratio shows in the year 2009 the ratio was 49% and after that the ratio increased from 2010, 2011 and 2012 i.e. 61%, 54% and 56% respectively but in 2013 the ratio was decreased to 40%. The ratio shows that the type of operation of the bank is moderate. The Gross Profit increases or decreases due to business volume of the Bank.

Camel Analysis

CAMEL is basically ratio based model for evaluating the performance of banks. It is a management tool that measures capital adequacy, assets quality, and efficiency of management, quality of earnings and liquidity of financial institutions.

Capital Adequacy Ratio(C)

The capital adequacy ratio is propounded to ensure that banks can take up a reasonable level of losses arising from operational losses. The higher the CAR ratio indicates stronger the bank and the more

will be the protection of investors. The banks are required to maintain 9% capital adequacy as per latest RBI norms. Due to absence of working capital here it's not possible to calculate Capital Adequacy Ratio.

Advances to Assets (A)

This ratio indicates the relationship between the total advances and total assets. This ratio indicates banks aggressiveness in lending which ultimately produce better profitability. Higher ratio is preferred to a lower one.

Table 4.4 (A)
Advances to Assets

Year	Total Advances	Total Assets	Advances to Assets
2009	3228243036	13812688649	23%
2010	3134442768	17788087732	18%
2011	5048447967	18392427532	27%
2012	4837134284	17797701409	27%
2013	6866336479	22525198639	30%

Graph 4.4 (A) Advances to Assets
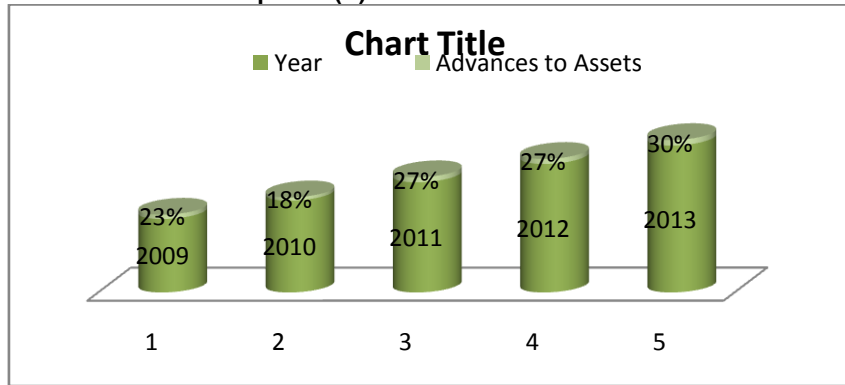
Interpretation

From the above table it is found that there was only once decrease in 2010 and after that from 2011 there was increase in the advances which is very good for the bank in terms of yielding profit in the near future.

Total Investment to Total Assets

The ratio indicates the extent of deployment of assets in investment as against advances. This ratio is used as a tool to measure the percentage of total assets locked up in the investment. A higher ratio shows the conservative policy of a bank to provide safeguard to the investments against NPAs.

Table 4.4 (B)
Total Investments to Total Assets

Year	Total Investments	Total Assets	Total Investments to Total Assets
2009	7811190671	13812688649	57%
2010	11449483830	17788087732	64%
2011	10195589395	18392427532	55%
2012	9870956962	17797701409	55%
2013	12682782012	22525198639	56%

Graph 4.4 (B) Total Investments to Total Assets
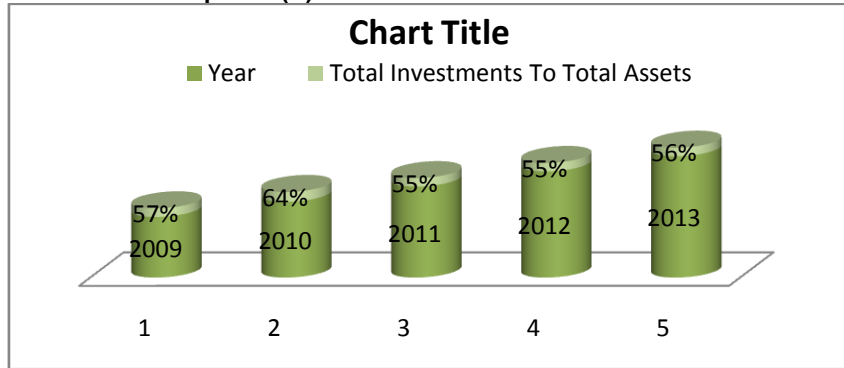
Interpretation

From the table we can see that there is a constant performance by the bank which is good for the bank.

Management Efficiency (M)

Management Efficiency is another efficient component of the CAMEL Model that guarantee the growth and survival of the Bank. It adherence with set norms, ability to plan and respond to changing environment, leadership.

Total Advances to Total Deposits

It administers the day to day capability of the bank in their day to day functioning. The ratio evaluates the efficiency of the bank's management in applying the deposits available excluding the other funds viz., equity capital etc. Into rich earning advances.
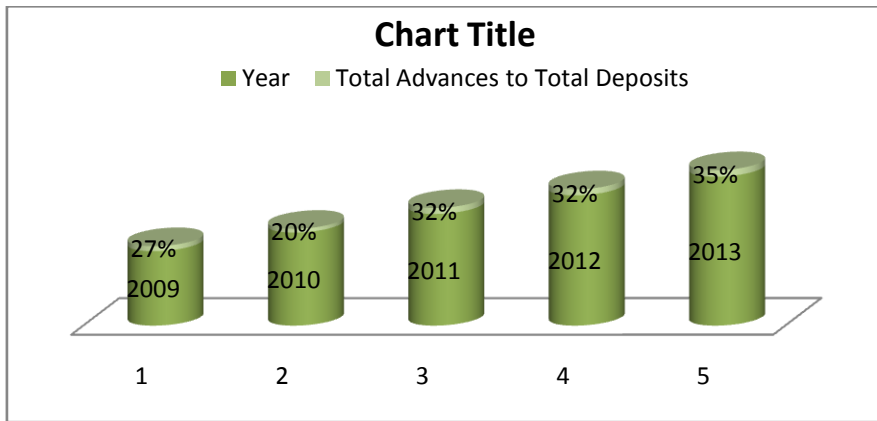
Table 4.4 (C)
Total Advances to Total Deposits

Year	Total Advances	Total Deposits	Total Advances to Total Deposits
2009	3228243036	11888110653	27%
2010	3134442768	15445052890	20%
2011	5048447967	15594735708	32%
2012	4837134284	15006301420	32%
2013	6866336479	19509197089	35%

Graph 4.4 (C) Total Advances to Total Deposits

Interpretation

From the table it is found out that there was a decrease in 2009 of 20% but after that from 2010 onwards there is an increase in the total advances to total deposits which is good for the bank. This shows that the policy adopted by the bank is efficient.
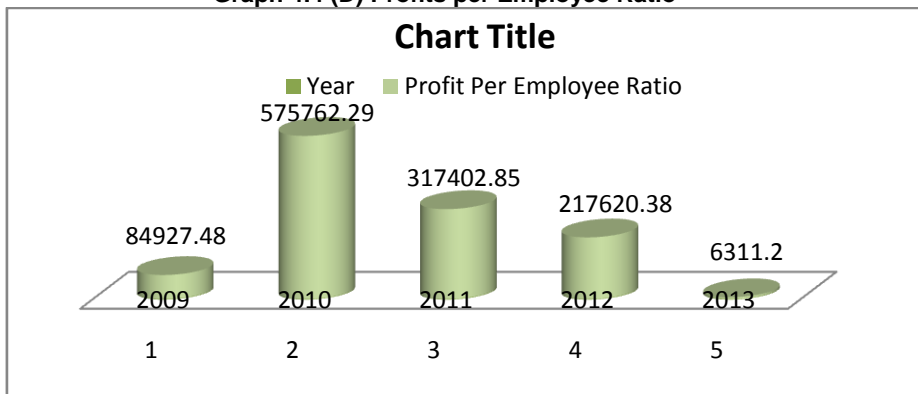
Profit per Employee

It is calculated by dividing the profit after tax earned by the bank with the total number of employees. The higher is the ratio the higher is the efficiency of the bank.

Table 4.4 (D) Profit per Employee Ratio

Year	Total Net Profit	Total Employee	Profit Per Employee Ratio
2009	6445605.59	75836	84927.48
2010	446647599.5	77575	575762.29
2011	259822804.9	81859	317402.85
2012	198545958.3	91235	217620.38
2013	58548712.56	927695	6311.2

Graph 4.4 (D) Profits per Employee Ratio

Interpretation

There is a decrease in the profit per employee from 2011 because the bank has recruited more employees.

Earning Quality

The quality of earning is a very important criterion which represents the quality of the bank's profitability and its capability to maintain quality and earn consistently. It primarily determines the profitability of the bank and explains its sustainability and growth of future earnings.
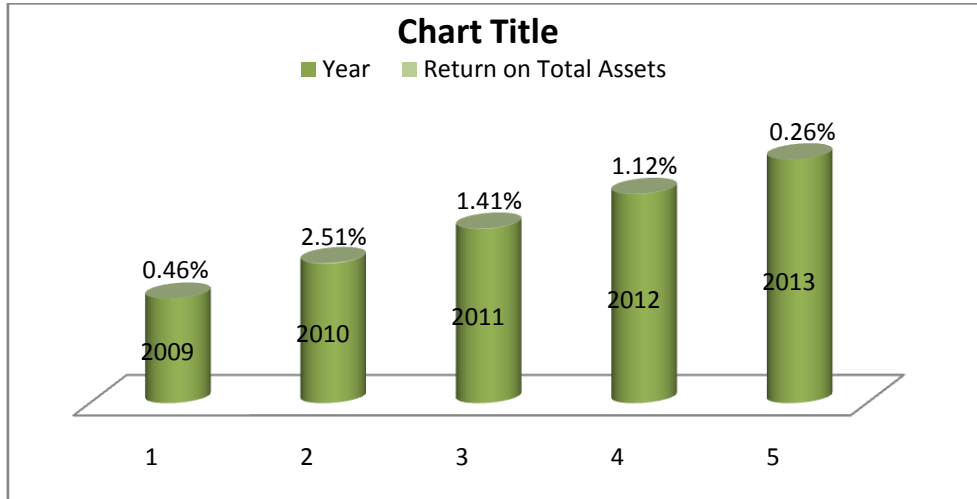
Net Profit to Total Assets

The ratio reflects return on assets employed or the efficiency in utilization of assets. It is calculated by dividing the net profit with the total assets of the bank. Higher the ratio reflects better earning of the bank in the future.

Table 4.4 (E)
Net Profit to Total Assets

Year	Net Profit After Tax	Total Assets	Return on Total Assets
2009	64405605.59	13812688649	0.46%
2010	446647599.5	17788087732	2.51%
2011	259822804.9	18392427532	1.41%
2012	198545958.3	17797701409	1.12%
2013	58548712.56	22525198639	0.26%

Graph 4.4 (E)
Net Profit to Total Assets

Interpretation

There has been a considerable in increasing and decreasing Trend in Total Assets.In 2nd and 3rd year ratio was increased but during 4th and 5th the Trend goes down due to decrease in profits and increase in assets.
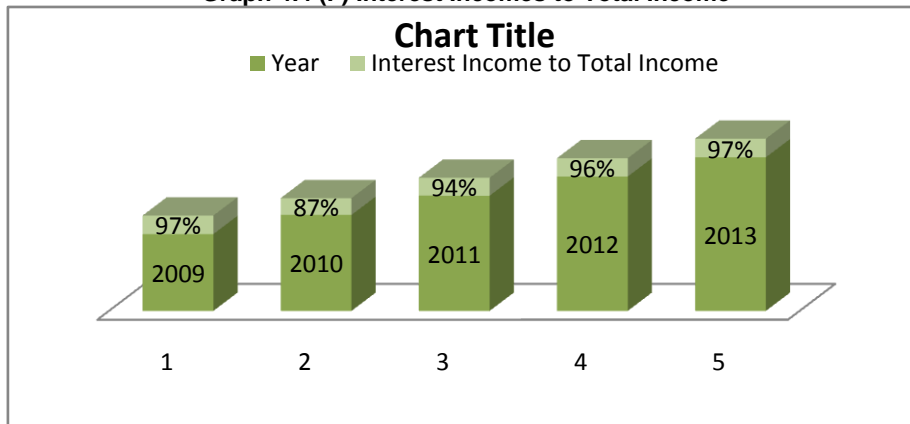
Interest Income to Total Income

Interest income is considered as the prime source of revenue for banks. The Interest Income to Total Income Reflects the Capability of the in generating income from the lending business.

Table 4.4 (F)
Interest Incomes to Total Income

Year	Total Interest Income	Total Income	Interest Income to Total Income
2009	771954088	798469147.5	97%
2010	1149329291	1313947478	87%
2011	1244120552	1330472000	94%
2012	1604079796	1678967756	96%
2013	1557705471	1606743261	97%

Graph 4.4 (F) Interest Incomes to Total Income

Interpretation

The ratio shows that there was a decrease in 2010 but in the later years there was increase in the ratio from 2011 onwards. This means that out of the total income of the bank 97% of income is generated from interest loans and deposits from other banks. This means that the bank is in good position in lending purpose since most of the income is generated from the lending business.

Liquidity

An adequate liquidity position refers to a situation, where institution can obtain sufficient funds, either by increasing liabilities or by converting its assets quickly at a reasonable cost. It is, therefore, generally assessed in terms of overall assets and liability management, as mismatching gives rise to liquidity risk.

Liquid Assets to Total Assets Ratio

This ratio measures the overall liquidity position of the Bank.

Table 4.4 (G)
Liquid Assets to Total Assets Ratio

Year	Liquid Assets	Total Assets	Liquid Assets to Total Assets Ratio
2009	518606299.8	13812688649	4%
2010	931194440.7	17788087732	5%
2011	824519397.6	18392427532	4%
2012	666950686	17797701409	4%
2013	638417177.4	22525198639	3%

Graph 4.4 (G) Liquid Assets to Total Assets Ratio
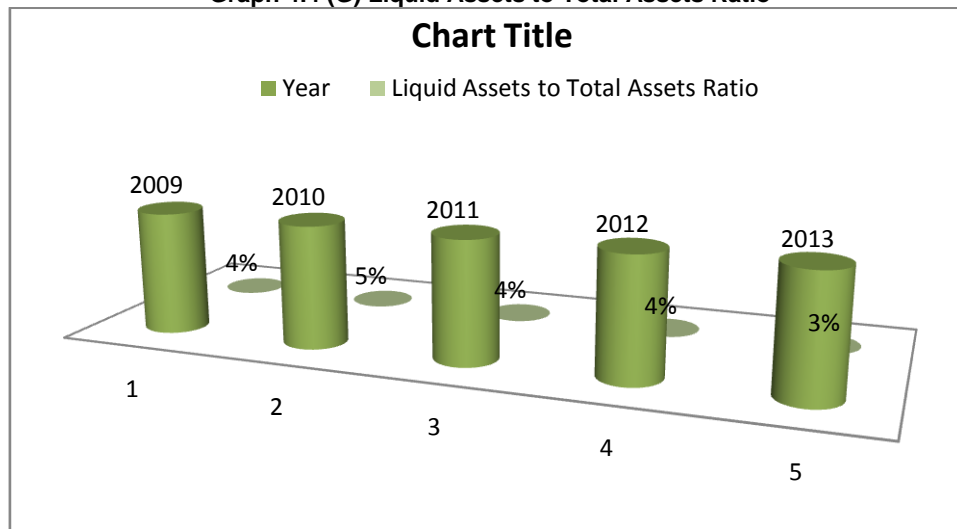
Interpretation

The above ratio shows that the liquid assets of the bank is 4% in 2009, 5%,4%,4% in the year 2010, 2011, 2012 but in 2013 it decreases.

Findings

This study is carried out with the objective of analyzing the financial position of the Assam Co-Operative apex bank Limited to examine the role of finance in the growth of the bank. This chapter attempts to highlight the findings of the study.

1. From the Common Size Statement we can say that in liabilities the borrowings was highest in percentage and the fixed assets was lowest in percentage.
2. From the Profitability ratio it is obvious that in the ROA the trend goes down due to decrease in profits and increase in assets. The NPR shows that the profitability of the bank is good. The FATR is also good but the GPR is moderate.
3. From the CAMEL Analysis we can say that Advances to asset position is good. The Total Investment to Total Assets Ratio is also good and total advances to total deposits are good. But Profit per employee is not good and net profit to total asset is moderate. But interest income is good for the bank and liquid assets are decreasing.

Recommendations and Suggestions

The Bank may strike a balance between the current assets and current liabilities to maintain the solvency position.

1. The Bank should take care about his interest expenses.

Conclusion

This internship has really helped me in learning new and important things about banks and especially about the Assam Co-Operative Apex Bank Limited Banking operations, its services and its regulatory operations. Without effective financial management a bank cannot survive in this competitive world.

Apart from the bank & banking operations, I have learned to use the banks performance and evaluating tool i.e., "The Camel Analysis". Through the analysis it has helped me to understand more about the financial position of the bank, its performance and the importance of the bank to maintain and fulfill with certain rules and policies as prescribed by its regulatory bodies.

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