



## “A STUDY ON THE FINANCIAL PERFORMANCE OF URBAN CO-OPERATIVE BANKS IN ERNAKULAM DISTRICT”

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### ABSTRACT

UCBs are facing an arduous task to meet the expectations of a highly competitive and demanding credit market. People are expressing worry and doubt about the creditworthiness and sustainability of these institutions, so it is important to analyze their financial situation carefully. This research project was conducted to analyze the financial performance of Urban Co-operative Banks in the Ernakulam District of Kerala in a highly competitive environment. The results showed that the performance of the banks in the area was not satisfactory in terms of all the financial parameters. The results of one bank's performance on various parameters demonstrate that the collective financial performance of all the banks has been poor, requiring each of them to make improvements in different areas. The financial performance of all the Urban Cooperative Banks in Ernakulam District is satisfactory even though there are variations in their performance and they have the potential to improve their performance in the near future.

*Key Words: Financial Performance, Urban Cooperative Banks, CAMELS*

### INTRODUCTION

Urban Co-operative banks are specialized financial institutions that provide a range of banking services in urban areas. They function in a comparable way to traditional banks, but are structured similarly to Co-operative societies. Their offerings are customized to meet the requirements of the local area.

Urban Co-operative banks typically restrict their services to those living within their city's limits. Currently, urban Co-operative banks are having an important impact on the country's economy. They have experienced remarkable success in various aspects of Co-operative Banking.

In the past, people from lower socio-economic backgrounds were taken advantage of by small lenders, resulting in them being chained to debts for the entirety of their lives. However, with

the introduction of Co-operative Bank branches in rural areas, these individuals have been given the support they need, including soft loans for farmers and small business owners. Thus Co-operative Bank has become an integral part of the lives of poor and backward people, who are now not only taking out loans, but also saving money with the bank.

## **REVIEW OF LITERATURE**

1, According to Prof. Krupa R. Trivedi's<sup>1</sup> study on A CAMEL Model analysis of Scheduled Urban Cooperative Bank, the banking sector in the Indian economy is regarded as the most crucial and needs to be closely monitored. She came to the conclusion from the investigation that SPBC had adequate capital and that its overall asset quality was satisfactory. Despite having a higher earning capability, the bank's liquidity situation was inadequate.

2, Megha et al<sup>2</sup> (2015) conducted a research to examine the development of Urban Cooperative Banks (UCBs) in the Mewar region of Rajasthan. They used a few selected measures, including the number of branches, membership base, share capital, net profit, deposit mobilisation, loans and advances and working capital, to observe the growth of UCBs over a five-year period, from 2009-2010 to 2013-2014. The findings of the study showed that UCBs had made progress in the selected region. UCBs that are operating in the same area, particularly in urban and rural locations, are facing intense competition from commercial banks. To stay competitive in today's environment, UCBs need to be more productive and efficient with their operations. Given the current difficult situation in which UCBs are operating, it is important to analyze their financial performance. Therefore, this study was conducted to investigate the financial performance of Urban Co-operative banks in Thanjavur District, Tamilnadu in order to assess their capability to survive in an intensely competitive atmosphere. Doubts and worries have been raised about their creditworthiness and sustainability, so it is essential to scrutinize their finances.

3, A study completed by Sunny Pandhara<sup>3</sup> in 2016 examined the credit to deposit ratio of Co-operative banks in Goa for a ten-year period. The results demonstrated that the number of branches and the membership in Co-operatives had an upward trend. In addition, the capital and reserves increased over the study period. The Co-operative bank maintained a C/D ratio of 64% in the year 2013-2014 and achieved a capital adequacy ratio of 11.48%, which is higher than the 9% requirement set by the Reserve Bank of India. 51% of total advances were allocated to the priority sector during the financial year 2013-2014. However, since the ban on mining activities in Goa in 2012, the asset quality and profitability of the bank declined due to the increased number of NPA's. Nonetheless, the performance of the bank was found to be very good on all parameters during the research period.

4, A study conducted by Sanjeevi (2017) showed that the financial performance of Urban Co-operative Banks (UCB) in India was similar to that of both scheduled and non-scheduled banks. However, the operational performance was better for the scheduled banks as compared to the non-scheduled banks at the time of the study.

5, Behera (2014) further investigated Corporate Governance in UCBs, determining that operational efficiency was generally unsatisfactory, with low profitability, high non-performing assets, and a relatively low capital base.

6, Gaurav Kumar Gupta, et al (2013) then took a closer look at the financial performance of a UCB in Lakhimpur Kheri District in Uttar Pradesh. They discovered that the bank had experienced a decent increase in loans and deposits, however, it could have increased even more if it had not been so hesitant to give out loans.

7, Dr Chobe Sanket Narayan Rao (n.d.) analyzed the Saraswat Co-operative Bank Ltd. (a scheduled bank) using the CAMEL model, and discovered that the bank's management had kept the capital to risk weighted asset ratio and credit deposit ratio within the norms prescribed by RBI. The net interest margin ratio of the treasury was not as satisfactory, however the overall financial performance of the bank was deemed acceptable.

8, In "An Empirical Study on the Financial Performance of selected scheduled urban Co-operative banks in India" by Ramachandran and Siva Shanmugam (2012), published in the Asian Journal of Research in Banking & Finance, it was concluded that the future of urban cooperative banks is becoming increasingly challenging due to competition from public sector and private sector banks, who are aggressively expanding both vertically and horizontally.

9, AdhirAmbavane's (2011) article "A Glance in financial performance and retail banking products of Maharashtra State Co-operative Bank", published in ABHINAV, found that the MSC Bank had experienced positive growth in their net non-interest income, profit per employee, business per employee, capital adequacy ratio, and a decrease in their operating expenses and staff cost over the course of the last few years, indicating good financial performance and progress in retail banking products.

10, Ramachandran (September 2012) in their article published in RADIX international journal of banking, finance and accounting, volume 1, issue no. 9, (page no. 1-21) concluded that the future of urban Co-operative banks is uncertain due to the competitive nature of public and private sector banks. These banks are aggressively expanding their services both horizontally and vertically, making it difficult for the Co-operative banks to keep up.

## **STATEMENT OF THE PROBLEM**

Urban Co-operative Banks are facing a difficult situation in the current Indian banking landscape due to the economic and social challenges they are facing. There is an imbalance of competition between UCBs and mainstream commercial banks, as the latter have stronger financial resources and more advanced technology, which allows them to offer better remuneration and services to their clients. This has resulted UCBs in struggling to retain their customer base. Thus, UCBs in the same geographic area facing intense competition commercial banks. To remain viable, they must be more efficient and effective in their operations. Today Urban Co-operative Banks in Ernakulam District, Kerala, are facing a difficult challenge to meet high expectations in a fiercely competitive credit market. Questions and doubts have been raised about their creditworthiness and sustainability. Therefore, it is important to examine the financial aspects of these banks. This study was conducted to analyze the financial performance of the Urban Co-operative Banks in Ernakulam District, Kerala, in order to determine how well they are faring in such a competitive atmosphere.

## **OBJECTIVES OF THE STUDY**

1. To study the financial performance of Urban Cooperative Banks in Ernakulam District using CAMELS Model.
2. To compare and rank the Urban Cooperative Banks in Ernakulam District on the basis of their financial performance.

## **HYPOTHESIS**

H01: There is no difference in respect of various indicators of Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, Liquidity and Sensitivity among the Urban Cooperative Banks in Ernakulam District.

Ha1: There is difference in respect of various indicators of Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, Liquidity and Sensitivity among the Urban Cooperative Banks in Ernakulam District.

## **NEED & SIGNIFICANCE OF THE STUDY**

The significance of this study is to identify the key challenges faced by the Co-operative credit system in India and to identify strategies to address these challenges. The need for this study lies in the fact that Co-operative credit systems are an important source of credit for small and medium enterprises, agricultural producers and other low-income groups. These systems have the potential to increase access to finance and reduce poverty in India. Therefore, it is important to identify the challenges faced by the Co-operative credit system and develop strategies to address them in order to maximize their potential. Competition has increased the pressure to make the problem more precise. The emergence of private banking institutions, including foreign banks, has made it simpler for people in urban areas to access banking services. This heightened competition has made it harder for co-operative banks to retain customers, but they have the advantage of being well-known to the public. In order to remain successful, they must provide efficient services and maintain a strong financial standing to gain the trust of their shareholders, depositors, and the public. The current state of affairs paints a different picture, with poor loan recovery and the sanctioning of unsecured loans, as well as shifts in government regulations regarding loan approval and collection. Additionally, the debtor's attitude towards loan repayment is also a major barrier to the growth and success of co-operative banking in India.

## **METHODOLOGY**

The research was confined to Urban Co-operative Banks located in Ernakulam district. The goal of Urban Co-operative Banks is to boost the financial well-being of urban populations, especially those involved in professions such as technicians, artisans, small business owners, and industrialists, as well as people who are not involved in farming. The Ernakulam district is recognized as the economic hub of Kerala, possessing the highest Gross Domestic Product (GDP) and the highest GDP per capita in the state. Conducting a special study of the performance of urban cooperative banks in industrial areas is necessary. The researcher is using a purposeful selection process to choose the district. The relevant secondary data have been collected mainly through the annual reports of the sample banks.

## **LIMITATIONS**

- The scope of this study is limited to analyzing the performance of Urban Co-operative Banks in Ernakulam District, Kerala; no other banks were taken into consideration.
- The data used was exclusively from secondary sources and only quantitative factors (such as manager competency, market share of banks, exposure to international markets) were excluded.

## **CAMELS RATING**

The CAMELS rating is an internationally applied evaluation system created by U.S. banking supervisors to measure the overall health of a bank. This assessment is used on all banks and credit unions in the United States, as well as by other international banking authorities. The ratings are determined through a process of evaluation involving a comparison of financial statements along with inspections done by selected regulatory bodies. In the U.S., these organizations include the Federal Reserve, the Office of the Comptroller of the Currency, the National Credit Union Administration, the Farm Credit Administration, and the Federal Deposit Insurance Corporation.

## **ANOVA Test**

ANOVA is a type of statistical test employed in hypothesis testing to determine if the means of two or more groups differ significantly. It assesses whether the null hypothesis can be rejected based on the sampled data, with the decision being made by comparing the ANOVA test statistic to a critical value.

## **POST-HOC TEST**

A post hoc test is a statistical analysis that is conducted after finding a significant result in order to identify the origin of the difference. The goal of a post-hoc analysis is to uncover patterns in the data that weren't initially intended to be the focus of the study. This includes any analysis done after the experiment is finished that wasn't previously planned.

## CAPITAL ADEQUACY

The ratios to test capital adequacy are CRAR Ratio, Debt Equity Ratio, Government Securities to Total Investment and advances to total assets. Peoples Urban Co-operative Bank has a better position in respect of CRAR and Advances to Total Assets. MattancherySarvajanik Co-operative Bank has the highest position in Debt Equity and Muvattupuzha Urban Co-operative Bank has the better position in Government Securities to Total Investments compared to other banks.

ANOVA results showed that since the p-value is greater than the significance level of 0.05, there are no difference among the banks in respect of CRAR ratio, Government Securities to Total Investment and Advances to Total Assets. In respect of ANOVA results, there are difference among the banks in respect of Debt Equity Ratio. When all the factors are taken together, the p-value is less than 0.05 and the alternate hypothesis is accepted. It is thus concluded that there are difference among the banks in respect of Capital Adequacy.

Post Hoc test showed that there are difference among the banks in respect of Debt Equity ratio. On the basis of mean values of various factors of Capital Adequacy, the UCBs are ranked as follows:

CAPITAL ADEQUACY	AUCB	PUCB	MUCB	MMCB	MSCB
CRAR	5	1	3	4	2
DEBT EQUITY	5	4	2	3	1
GOVT. SECURITIES	5	2	1	2	4
ADVANCES TO	4	1	3	5	2
TOTAL ASSETS					
AVERAGE RANK	4.75	2	2.25	3.5	2.25
RANK	4	1	2	3	2

Peoples Urban Co-operative Bank is ranked one followed by Muvattupuzha Urban Co-operative Bank, MattancherySarvajanik Co-operative Bank, MattancheryMahajanik Co-operative Bank and Aluva UCB in the second, third and fourth positions respectively.

## ASSET QUALITY

The ratios to test asset quality are investment to total assets, gross npa to total assets, gross npa ratio and interest income to total assets. Peoples Co-operative Bank is in a better position in respect of investment to total assets and gross npa to total assets. Whereas MattancheryMahajanik Co-operative Bank is in a better position in respect of gross npa and Muvttupuzha urban Co-operative Bank has highest position in interest income to total assets compared to other four banks.

ANOVA results showed that since the p-values are more than the significance level of 0.05, there are no difference among the banks in respect of investment to total assets, gross npa to total assets, gross npa ratio and interest income to total assets. Since all the factors have a p-value of more than the significance level of .05, the null hypothesis is accepted. It is thus concluded that there are no differences among the banks in respect of parameter asset quality.

Post-Hoc test showed that there are no differences among the banks in respect of all factors in asset quality. On the basis of mean values of various factors of asset quality, the UCBs are ranked as follows:

ASSET QUALITY	AUCB	PUCB	MUCB	MMCB	MSCB
INVESTMENT TO TOTAL ASSETS	4	1	3	5	2
GROSS NPA TO TOTAL ASSETS	4	1	2	3	5

GROSS NPA	5	2	3	4	1
INTEREST INCOME TO TOTAL ASSETS	2	3	1	4	5
AVERAGE RANK	3.75	1.75	2.25	4	3.25
RANK	4	1	2	5	3

Peoples Urban Co-operative Bank is ranked one followed by Muvattupuzha Urban Co-operative Bank, Mattanchery Sarvajanik Co-operative Bank, Aluva UCB and Mattanchery Mahajanik Co-operative Bank in the second, third, fourth and fifth positions respectively.

## MANAGEMENT EFFICIENCY

The ratios to test management efficiency are advances to deposits, profit per employee, profit per branch, return on assets and business per employee. Muvattupuzha Urban Co-operative Bank is in a better position in respect of advances to deposit, profit per employee, profit per branch and business per employee. whereas Mattanchery Mahajanik Co-operative Bank have highest return on assets compared to other banks.

ANOVA results showed that since the p-values are more than the significance level of 0.05, there no difference among the banks in respect of advances to total deposits and return on assets. In respect of ANOVA results, there are difference among the banks in respect of profit per employee, profit per branch and business per employee. When all the factors of management efficiency are taken together, the p-value is less than 0.05 and the alternate hypothesis is accepted. It is concluded that there are differences among the banks in respect of parameter management efficiency.



Post Hoc test showed that there are differences among the banks in respect of profit per employee, profit per branch and business per employee. On the basis of mean values of various factors of Management Efficiency, the UCBs are ranked as follows:

MANAGEMENT EFFICIENCY	AUCB	PUCB	MUCB	MMCB	MSCB
ADVANCE TO DEPOSITES	2	5	1	3	4
PROFIT PER EMPLOYEE	3	4	1	2	5
PROFIT PER BRANCH	3	2	1	4	5
RETURN ON ASSETS	5	3	2	1	4
BUSINESS PER EMPLOYEE	2	3	1	5	4
AVERAGE RANK	3	3.4	1	2.5	3.6666666
RANK	3	4	1	2	5

Muvattupuzha Urban Co-operative Bank is ranked one followed by Mattanchery Mahajanik Co-operative Bank, Aluva UCB, Peoples Urban Co-operative Bank and Mattanchery Sarvajani Co-operative Bank in the second, third, fourth and fifth positions respectively.

## EARNINGS QUALITY

The ratios to test earnings quality are operating profit on networth, interest income to total income, spread, interest income to total income, spread, non-interest income to total income and net interest margin. Mattanchery Mahajanik Co-operative Bank is in a better position in respect of operating profit on net worth and interest income to total income. Whereas Muvattupuzha Urban Co-operative Bank has the highest Non-Interest Income to Total Income and Net Interest Margin. And the Peoples Urban Co-operative Bank is in a better position in respect of Spread compared to other four banks.

ANOVA results showed that since the p-value is less than the significance level of .05, there is a difference among the banks in respect of operating profit to networth, interest income to total income, spread and non-interest income to total income. In respect of ANOVA results, there

are no difference among the banks in respect of net interest margin. When all the factors are taken together, the p-value is less than 0.05 and the alternate hypothesis is accepted. It is thus concluded that there are difference among the banks in respect of parameter earnings quality.

Post Hoc test showed that there are differences among the banks in respect of spread and non-interest income to total income. On the basis of mean values of various factors of Earnings Quality, the UCBs are ranked as follows:

EARNINGS QUALITY	AUCB	PUCB	MUCB	MMCB	MSCB
OPERATING PROFIT ON NET WORTH	4	2	5	1	3
INTEREST INCOME TO TOTAL INCOME	3	4	2	1	5
SPREAD	3	1	5	4	2
NON INTEREST INCOME TO TOTAL INCOME	2	5	1	3	4
NET INTEREST MARGIN	5	3	1	2	4
AVG RANK	3.4	3	2.8	2.2	3.6
RANK	4	3	2	1	5

MattancheryMahajanik Co-operative Bank is ranked one followed by MuvattupuzhaUrban Co-operative Bank, Peoples Urban Co-operativeBank, Aluva UCB and MattancherySarvajanik Co-operative Bank in the second, third, fourth and fifth positions respectively.

## LIQUIDITY

The ratios to test liquidity are current deposits to total deposits and cash to deposits ratio. Muvattupuzha Urban Co-operative Bank is in a better position in respect of current deposits to total deposits. In respect of cash to total deposits, MattancherryMahajanik Co-operative Bank is in a better position compared to other four banks.

ANOVA results showed that since the p-values are more than the significance level of .05, there are no difference among the banks in respect of current deposits to total deposits ratio.

In respect of ANOVA results, there are difference among the banks in respect of cash to deposits as the p-value is less than 0 .05. When all the factors of liquidity are taken together, the

p-value is more than 0.05 and the null hypothesis is accepted. It is concluded that there are no differences among the banks in respect of parameter liquidity.

Post Hoc test showed that there are differences among the banks in respect of cash to deposits ratio. On the basis of Mean values of various factors of Liquidity, the UCBs are ranked as follows:

LIQUIDITY	AUCB	PUCB	MUCB	MMCB	MSCB
CURRENT DEPOSIT TO TOTAL DEPOSIT	5	3	1	4	2
CASH TO DEPOSITS	5	3	4	1	2
AVERAGE RANK	5	3	2.5	2.5	2
TOTAL RANK	4	3	2	2	1

MattancherySarvajanik Co-operative Bank is ranked one followed by Muvttupuzha urban Co-operative Bank, MattancheryMahajanik Co-operative Bank, Peoples Urban Co-operative Bank and Aluva UCB in the first, second, third and fourth positions respectively.

## SENSITIVITY

Sensitivity The ratios to test Sensitivity are Burden to Interest Income, Spread to Working Funds, GAP Analysis and Cost of Funds. MattancheryMahajanik Cooperative Bank is in a better position in respect of Burden to Interest Income and Spread to Working Funds and Mattanchery Urban Cooperative Bank in respect of GAP Analysis. In respect of Cost of Funds, Peoples' Urban Cooperative Bank and MattancherySarvajanik Cooperative Bank are in a better position when compared to other three banks. ANOVA results showed that since the p-

values are more than the significant level of 0.05, there are no differences among the banks in respect of Burden to Interest Income, GAP Analysis and Cost of Funds. There are differences among the banks in respect of Spread to Working Funds as the p-value is less than 0.05. When all the factors of Sensitivity are taken together, the p-value is more than 0.05 and the null hypothesis is accepted. It is concluded that there are no differences among the banks in respect of the parameter Sensitivity. Post Hoc test showed that there are differences among the banks in respect of Spread to Working Funds. On the basis of Mean values of various factors of Sensitivity, the UCBs are ranked as follows:

SENSITIVITY	AUCB	PUCB	MUCB	MMCB	MSCB
BURDEN TO INTEREST INCOME	3	2	5	4	1
SPREAD TO WORKING FUNDS	2	3.5	5	3.5	1
GAP ANALYSIS	3	5	1	4	2
COST OF FUNDS	3.5	1.5	5	1.5	3.5
AVERAGE RANK	2.875	3	4	3.25	1.875
RANK	2	3	5	4	1

MattancherryMahajanikCooprative Urban Bank is ranked one followed by Aluva UCB, Peoples’ UCB, MattancherrySarvajanikCoopertive Bank and Muvattupuzha UCB in the second, third, fourth and fifth positions respectively.

## OVERALL FINANCIAL PERFORMANCE

On the basis of ranking of UCBs in Ernakulam district in respect of various parameters of CAMELS Rating, the UCBs are ranked as follows:

	AUCB	PUCB	MUCB	MMCB	MSCB
Capital Adequacy	4	1	2	3	2
Asset Quality	4	1	2	5	3
Management Efficiency	3	4	1	2	5
Earnings Quality	4	3	2	1	5
Liquidity	4	3	2	2	1
SSensitivity	2	3	5	4	1
Mean Rank	3.50	2.50	2.33	2.83	2.83
RANK	5	2	1	3	3

In respect of Overall Financial Performance, Muvattupuzha UCBs is ranked One and People’s UCB is ranked TWO. The third position is shared by MattancherrySarvajanik Cooperative Bank and MattancherryMajajanik Cooperative Urban Bank. The fifth position is occupied by Aluva UCB.

## FINDINGS

- 1) Aluva Urban Co-operative Bank, MattancheryMahajanik Co-operative Bank and MattancherySarvajanik Co-operative Bank could not maintain the statutory requirements in respect of CRAR which is 9% during the year 2022,2021,and 2020 respectively.
- 2) Peoples’ UCB has a better asset quality among the banks. The bank’s credit policy and recovery mechanism contributed to the effective NPA management.
- 3) Muvattupuzha UCB is the only bank which earned substantial income other than interest income.
- 4) All the banks are investing mostly in government securities which enhances liquidity of the banks.
- 5) Muvattupuzha UCB is in a better position in respect of management efficiency which contributed to a better overall financial position among the banks in Ernakulam District..
- 6) All the banks are able to keep their cost of deposits in a favourable positon.
- 7) Aluva UCB has to improve a lot in respect of its financial performance.

## The results of Hypothesis Testing are as follows

- The results of the study show that the Debt Equity ratio in capital adequacy varies among the banks. Conversely, there is no distinction among the banks in terms of their CRAR ratio, Government Securities to Total Investment and Advances to Total Assets. The People’s Urban Co-operative Bank has the highest rating in Capital Adequacy, while the Aluva Urban Co-operative Bank has the lowest rating.

- The study on asset quality revealed that there were no significant variations among the banks in terms of investment to total assets, gross npa to total assets, gross npa and interest income to total assets. Peoples Urban Co-operative Bank was top-ranked in terms of investment to total assets and gross npa to total assets, whereas MMC was at the highest level of gross npa and MUC had the highest rate of interest income to total assets. Ultimately, Peoples Urban Co-operative Bank was the best performer in asset quality, while MattancheryMahajanik Co-operative Bank was ranked fifth.
- The study concluded that there was no difference between the banks in regards to advances to total deposits and return on assets. However, there was a significant difference between the banks when it came to profit per employee, profit per branch and business per employee. Muvattupuzha Urban Co-operative Bank topped the list in terms of Management Efficiency, while MattancherySarvajanik Co-operative Bank ranked last.
- The research revealed that MattancheryMahajanik and MattancherySarvajanik had the highest and lowest Earnings Quality scores respectively, whereas no variations were found in the net interest margin. Differences between banks were seen in their operating profit to net worth, interest income to total income, spread and non-interest income to total income.
- The research showed that when it comes to current deposits in relation to total deposits, there is no significant difference between banks. However, there is a slight distinction in the cash to deposit ratio. Of the banks surveyed, MattancherySarvajanik Co-operative Bank had the highest liquidity, while Aluva UCB had the lowest.
- There was no variation in terms of sensitivity between banks when it came to Burden to Interest Income, GAP Analysis, and Cost of Funds. However, the Spread to Working Funds revealed a difference between them, with the MattancheryMahajanik Co-operative Bank ranking first and the Muvattupuzha UCB ranking last.

## **SUGGESTIONS**

1. The banks should meet statutory requirements in respect of CRAR.
2. Recovery Mechanisms should be updated to have a control on overdues and NPAs.
3. The banks should appointed professionally qualified personnel to manage the affairs of the banks which will help them to face competitions from commercial banks.
4. Cooperative Banks should lower down their Blockage of Current Assets for improving Liquidity.
5. Cooperative Banks should improve its Debt Equity Position by lowering down Total Debts.
6. Cooperative Banks should maintain its Loan Distribution and Recovery mechanism showing Good Liquidity & Solvency position.
7. Banks should lower down Long-term Debt to Total Asset Ratio by improving - a) Excess Debts, b) Non-Repayment of Debts, c) Poor Profitability and d)Increased Operating Expenses.

8. Cooperative Banks should improve asset utilization position.
9. More branches should be opened in unrepresented areas.

## **CONCLUSION**

The research indicates that there is disparity in the Debt Equity ratio of the banks in terms of Capital Adequacy. However, the CRAR ratio, Government Securities to Total Investment and Advances to Total Assets all show similar values across the banks. The People's Urban Co-operative Bank has the highest Capital Adequacy rating, while Aluva Urban Co-operative Bank has the lowest.

The research on asset quality showed that there was no significant discrepancy among the banks when it came to investment to total assets, gross npa to total assets, gross npa and interest income to total assets. Peoples Urban Co-operative Bank had the highest investment to total assets and gross npa to total assets, whereas MMC had the highest gross npa and MUC had the highest interest income to total assets. Ultimately, Peoples Urban Co-operative Bank had the best asset quality, while MattancheryMahajanik Co-operative Bank was the lowest-ranked bank.

The study revealed that there was no significant distinction between the banks in terms of advances to total deposits and return on assets. However, a considerable disparity was found when it came to profit per employee, profit per branch and business per employee. The Muvattupuzha Urban Co-operative Bank was seen to have the highest Management Efficiency, while the MattancherySarvajanik Co-operative Bank scored the lowest in this area.

The research uncovered that MattancheryMahajanik had the highest Earnings Quality score, while MattancherySarvajanik had the lowest. However, no differences were noted in the net interest margin. Variations emerged in the banks' operating profit to net worth, interest income to total income, spread and non- interest income to total income.

The research revealed that there was no major disparity in the amount of current deposits compared to total deposits among the banks examined. Nevertheless, there was a slight discrepancy in the cash to deposit ratio. The MattancherySarvajanik Co-operative Bank had the best liquidity, while Aluva UCB had the least liquidity.

No matter what metric was used, the banks had the same level of sensitivity except for Spread to Working Funds, where MattancheryMahajanik Co-operative Bank had the highest score and Muvattupuzha UCB the lowest.

Muvattupuzha UCB holds the highest spot in terms of Overall Financial Performance, followed by People's UCB in second. MattancherySarvajanik Cooperative Bank and MattancheryMajajanik Cooperative Urban Bank both place third, and Aluva UCB rounds out the top five.

This research looked at the financial condition of Urban Co-operative Banks in Ernakulam District over the period of 2015-2022, using the CAMELS Model. The results revealed that the capital adequacy and asset quality were satisfactory, but the management efficiency and earning

capacity were not. On the other hand, the liquidity and sensitivity were in a good state. The financial performance of all the Urban Cooperative Banks in Ernakulam District is satisfactory even though there are variations in their performance and they have the potential to improve their performance in the near future.

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