AN ALL WOMEN'S BANK FOR THE POOR- KONOKLOTA MAHILA URBAN CO-OPERATIVE BANK LTD

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Abstract:
A Bank is a financial institute that receives deposits and make loans. Since banking is a business they work with a motive to make money. A Bank majorly earns money from the difference between the interest rate they pay for deposits and the interest rate they receive on the loans they make. This paper is focused upon a co-operative bank. A co-operative bank is a type of the different Banks functioning in India. Co-operative Banks are a small sized bank where the members are its owners as well as customers. It is regulated by the Reserve Bank of India and are registered under the States Cooperative Societies Act. A co-operative Bank is set up with the objective of financial inclusion. It is often seen that there is a lack of banking habits among the poor. The Konoklota Mahila Urban Co-operative Bank Ltd. is an all women's Bank and the first and only all women's Bank in north east India till date. This Bank is an asset for the region for the tremendous services it gives to the poor. From building a banking habit among the poor to its contribution towards women entrepreneurship this Bank plays a remarkable role in the region. This paper has two objectives. Since a co-operative sector is generally considered a sick unit the primary objective of this paper is to study the financial position of the Bank. The second objective is to study if the poor are Bankable. The Bank is located in Jorhat District of Assam hence the study area of this paper is also confined to Jorhat District located in upper Assam. The statistical tools used for the study are Multiple Regression and Trend Analysis. Both primary and secondary sources are to be used to collect the data required for the study. The time period taken for the study is for 10 years. The study concludes that Konoklota Mahila Urban Co-operative Bank Ltd. is a successfully running co-operative Bank in respect to a good financial position and that the poor are bankable.

Index Terms: Jorhat, Banks, Mahila Bank, Urban Co-operativre Bank, Women Bank

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I. INTRODUCTION

The Economy of a country majorly depends upon the health of its financial sector and financial sector primarily includes the banking sector. A Bank majorly earns money from the difference between the interest rate they pay for deposits and the interest rate they receive on the loans they make. Since banking is a business they work with a motive to make money. However the Cooperative sector renders services to the ones in the lower rungs of the economic ladder. The primary purpose of a cooperative is to satisfy the social and economic needs of its members who are simultaneously their owners and customers.

This paper is focused upon a co-operative bank. Co-operative Banks are a small sized bank. Urban Cooperative Bank (UCBs) are registered under the Cooperative Societies Act of the concerned state. Later they were allowed for full fledged banking business only after the extension of Banking Regulation Act 1949 with effect from 01.03.1966 which gives regulatory powers to the Reserve Bank of India (RBI). This creates a situation of dual control of UCBs by both state and central governments.

The primary motive of cooperative banks is to render services to the poor. These institutions are considered as a potential instrument to bring the less privileged people under the formal banking network. They mobilize deposit from the public and extend credit facilities to small traders, artisans and persons belonging to middle-income group. This has prevented many small vendors from the monopoly of the money lenders. While there has been an improvement in the financial performance of the UCBs in recent times, the high level of NPAs continues to pose a threat to the financial health and viability of certain UCBs.

The era of Mahila bank in Indian Banking Scenario can be traced back from the year 1975. The Reserve Bank of India declared that it would grant license to women banks that has a share capital to the tune of rupees one lakh. Since then the number of Mahila banks formed increased and majority of these banks are Urban Co-operative Banks.

The Bank for the study i.e- The Konoklota Mahila Urban Cooperative Bank Limited (KMUC Bank Ltd.), Jorhat was established in the year 1998. The Konoklota Mahila Urban Co-operative Bank Ltd. is an all women's Bank and the first and only all women's Bank in north east India till date. The beginning of the idea of an all women Bank can be traced back to February, 1990 when a poor yet an economically active women, Lakhimi Baruah was thinking of establishing a bank exclusively meant for women . She was supported by her husband and a small group of economically active poor women. After a period of eight long years of painful struggle her dream of setting up an all women Bank was fulfilled. The Bank was registered under Assam Co-operative Societies Act 1949 on 22 May 1998 . The bank got the license from RBI to operate as banking business on 16.02.2000.

Thus, it is a small group of 'economically active poor women' of Jorhat District of Assam under the leadership of Smti. Lakhimi Baruah established the Konoklota Mahila Urban Co-Operative Bank Ltd. to serve the women, common people and poor people in the locality. Almost 80% of the customers of the Bank are of below poverty line and 70% of the customers are illiterate. The Co-operative department of Assam Government has also awarded the Bank "A" class owing to its performance in the co-operative sector. The Konoklota Mahila Urban Cooperative Bank Ltd. is the pioneer of being successfully associated with the women entrepreneurs in Assam. On 8th March'2016 the Bank has received the "Debi Aholiya Bai Halkar National Award" by the President of India for the contribution of the Bank towards women power. It is mentionable that in the co-operative sector this Bank is the First to receive this award. Also in the year 2016-17 the Government did a comparative study among all the Co-operatives in the state and the first prize for "Co-operative society Award" was given to Konoklota Mahila Urban Co-operative Bank Ltd. This Bank is an asset for the region for the tremendous services it gives to the poor. From building a banking habit among the poor to its contribution towards women entrepreneurship this Bank plays a remarkable role in the region.

WORKING STATUS OF THE BANK:

The Konoklota Mahila Urban Co-operative Bank from it's year of inception i.e 16.02.2000 has already crossed twenty three years of business services.

The position of the Bank by the year 2021 is as follows-

Table 1: Working status of bank

Sl. No	Particulars	31-03-21
1	No. of Members	12978
2	No. of Accounts	45720
3	No. of Borrowers	3665

4	Share Capital	71.51
5	Reserve Fund	306.29
6	Deposit	946.78
7	Borrowings From SIDBI / RMK/NEDFi	60.71
8	Investment	411.11
9	Loans & Advances	891.02
10	CRAR	31.73
11	Gross NPA	4.07
12	Net NPA	Nil
13	CD Ratio	94.11
14	Profit & Loss	(+)8.33
15	Working Capital	1491.33

Source: Field Study and Annual Report

II. REVIEW OF LITERATURE

A few literature were reviewed -

1. Patil N. C. (2007)[1] The objective taken up for Research is to study the mobilization of deposits, deployment pattern of funds, recovery and overdue and the impact of bank credit on income and employment generation of borrowers. The sampling technique used is T-test sampling technique . The study concludes that bank finance had a significant impact on the income levels of the borrowers and shows additional employment in the post-loan period. The study reveals that the growth index of owned funds, deposits, loans and advances along with reserve funds shows an increasing trend .

2. Sathish G. (2017)[2] has made an analysis of the financial performance of Urban Cooperative Banks (UCBs) in Grade I and Grade IV in Tamil Nadu. The objective of the study was to analyze the business performance, factors that led to financial viability (Grade I), factors leading to financial weakness (Grade IV) and also suggested measures to improve the financial efficiency of UCBs in Tamil Nadu. The statistical tools such as ANOVA, Duncon Post Hoc test and Multiple Linear Regression (MLR) analysis were used. The study found that while the Grade I UCBs had strong capital base, the State Government's efforts contributed significantly to the working capital of sample UCBs in Grade-IV. It is concluded that share capital, deposits, working capital, loan outstanding, NPA and profit or loss showed relatively better position in the case of Grade I sample UCBs.

3. Gite B. S. (2005)[3] The objective of this study is to evaluate the performance of Mahila Urban Co-operative banks in Parbhani district. Deposit mobilization, loans and advances, women beneficiaries, recovery performance, services rendered by these banks and opinion of the customers regarding services rendered by the bank are the various factors analyzed. The researcher's major conclusion is that the Mahila Urban Co-operative Banks have made a noteworthy contribution to the economic development in the area.

4. Swaminathan Lata (2007)[4] The researcher studies the performance of Mahila banks on the criterion of loans and financial assistance to beneficiaries, customer satisfaction, management process and certain financial parameters like profitability, efficiency, NPAs (non performing assets), CD Ratio etc with the objective of achieving women empowerment. The tools used for analysis are 'Z' test and SWOT analysis.

III. OBJECTIVES OF THE STUDY

1. To study the financial position of the Bank
2. To study if the poor are bankable.

IV. METHODOLOGY

The study area is confined to Jorhat District which is situated in upper Assam as the first and only women bank in the north-east, the KMUC Bank Ltd. was set up in the Jorhat district. It is an important place of Assam from the point of view of historical, political, cultural and economic status with the highest literacy rate that is 89.42% (2011).

The study includes all the branches of the bank. The KMUC Bank Ltd. has four Branches at present. The Head office of the bank is located at Gar-ali, at the heart of the city Jorhat. The Jorhat branch is located at J.M.B. Unnayan Bhawan and the other two branches are at Mariani which is 19 kms from Jorhat town and another branch at Sivasagar district. The branch in Sivsagar was set up on 2nd June' 2014.

The period of the study taken is from 2012-2021 i.e the last ten years of the working of the Bank. The respondents for the study are the Managing Director and the employees of the Bank.

Both primary and secondary sources were used to collect the data required for the study. Primary data is collected from the Managing Director and the employees through a questionnaire. The secondary data is collected from the Annual Reports of the bank.

Apart from this print media such as books, journals, magazines and e-resources is used to build a base for the study with concepts like Mahila co-operative banks, Banking, RBI and such other related topics.

A survey study is done for the population comprising of the Managing Director and employees. The number of employees of the Bank is 22. Therefore the total respondents taken for the study is 23 as there are 22 employees and one Managing Director.

Tools for analysis:

In order to fulfill the objectives of the study trend or regression type tool is used to study the financial

position of the Bank. For the purpose of the study share capital, reserve fund, deposit, borrowings, investment, loans and advances, profit and loss, working capital and CD (Credit Deposit) Ratio of the K.M.U.C Bank Ltd is considered.

The second objective i.e to study if the poor are bankable multiple regression model is used. In the multiple regression model the variables taken are Share capital, Reserve fund, Deposit, Investment, Loan and advances and Profit and Loss.

V. ANALYSIS AND INTERPRETATIONS

**Table 2:** To analyse the financial position of the Bank

| Sl. No	Particulars	31-03-12	31-03-13	31.03.14	31.03.15	31.03.16	31.03.17	31.03.18	31.03.19	31.03.20	31.03.21
1	Share Capital	29.77	33.50	36.16	42.09	47.47	54.68	61.75	66.05	69.16	71.51
2	Reserve Fund	35.70	44.41	53.59	60.01	88.87	110.22	187.99	185.53	239.21	306.29
3	Deposit	336.45	417.90	501.15	1045.91	648.78	710.37	759.17	823.70	881.69	946.78
4	Borrowings From SIDBI / RMK/NEDFi	84.05	54.24	64.84	166.67	293.96	263.68	203.08	166.77	133.55	60.71
5	Investment	252.91	296.96	317.47	811.37	355.72	525.92	479.59	476.79	447.03	411.11
6	Loans & Advances	145.15	216.87	282.90	392.622	440.98	532.04	633.74	705.48	840.31	891.02
7	Profit & Loss	(+)7.25	(+)7.28	(+)13.32	(+) 5.65	(+)5.90	(+)19.06	(+)16.07	(+)18.11	(+)23.48	(+)8.33
8	Working Capital	538.49	597.40	700.86	1371.83	1135.06	1217.73	1311.57	1393.21	1490.49	1491.33
9	CD Ratio	51.90	56.45	37.54	67.97	74.90	83.48	85.65	95.31	94.11	92.72

Source: Financial statement and Annual report

In order to study the financial position of the Bank the data from the Financial statement and annual reports has been used. Apart from that the working capital has been calculated for ten years using the formula- Working Capital = Current Assets – Current Liabilities

Also the CD (Credit Deposit) Ratio is considered to analyze the financial position of the Bank. For this

study the year is the independent variable and the dependent variables are- share capital (Graph 1), reserve fund (Graph 2), deposit (Graph 3), borrowings (Graph 4), investment (Graph 5), loans and advances (Graph 6), profit and loss (Graph 7), working capital (Graph 8) and CD Ratio (Graph 9). Following are the trends for the variables in Table 2.
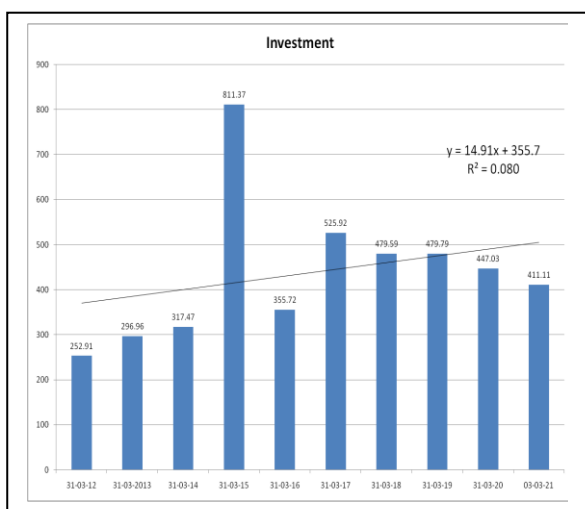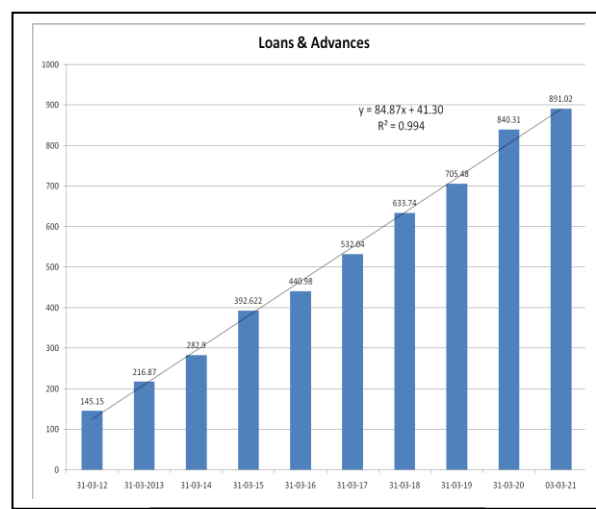
TRENDLINE

Graph 1: Share Capital

Graph 2: Reserve
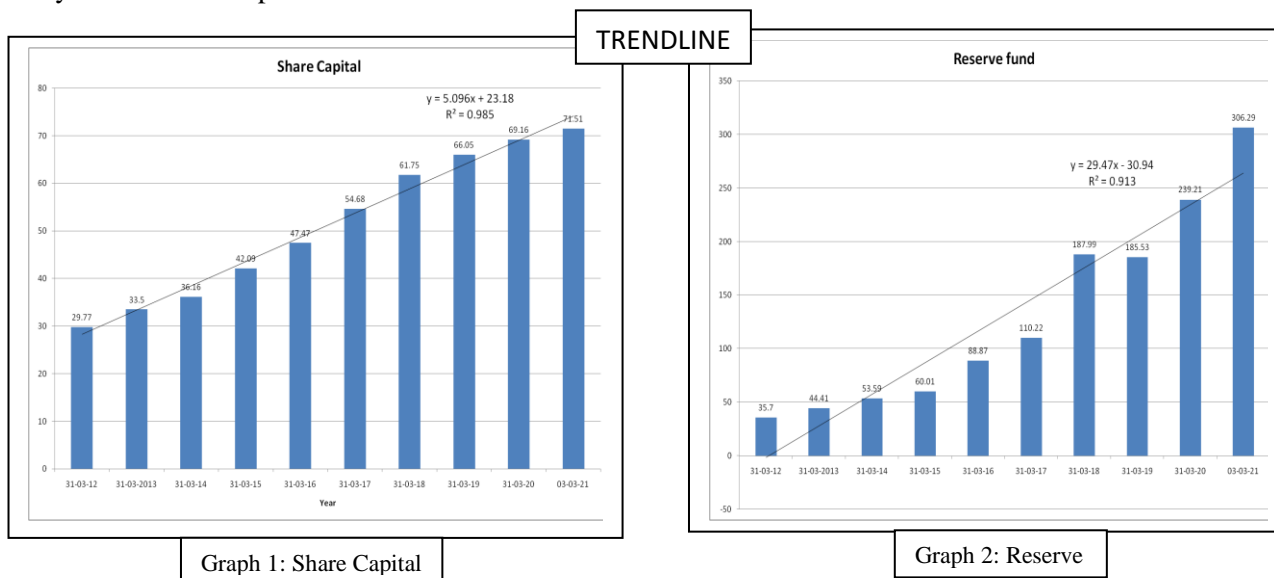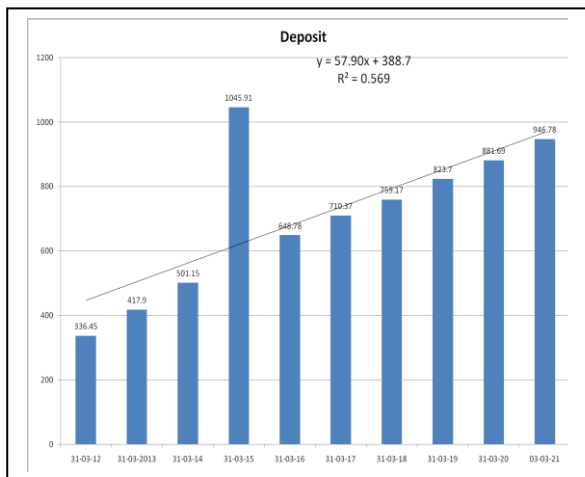
Graph 3: Deposit
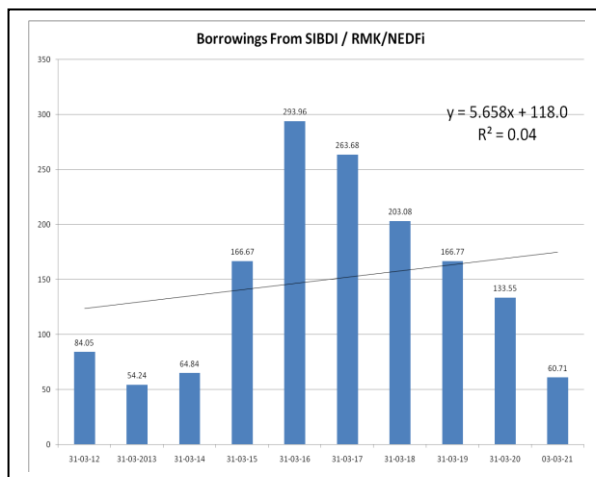
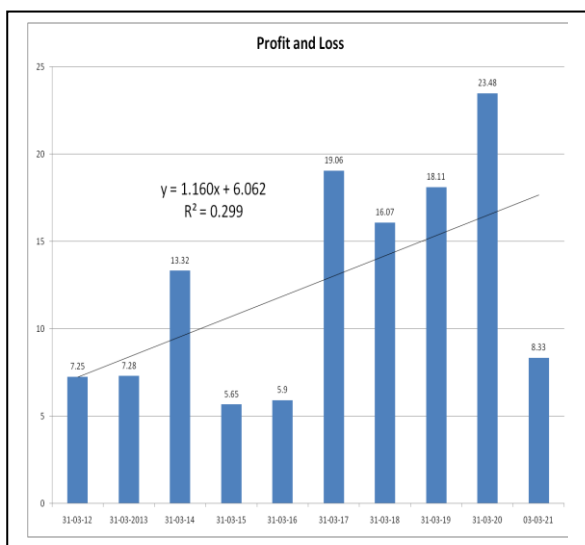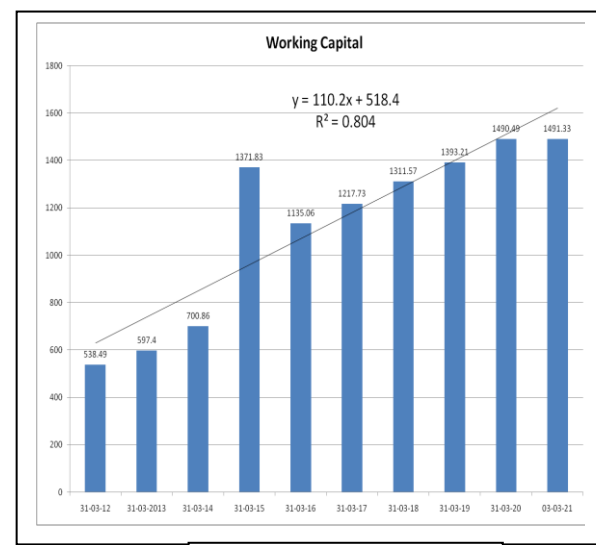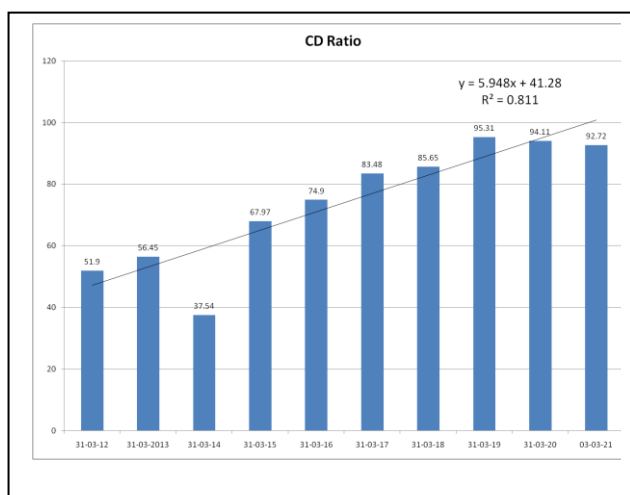Graph 4: Borrowings

Graph 5:Investment

Graph 6: Loans and Advances

Graph 7: Profit and Loss

Graph 8: Working Capital

Graph 9: CD Ratio

The graphs above shows a linear trendline. A linear trendline shows the best-fit straight line. This trendline shows that whether the variables taken for the study are increasing or decreasing at a steady rate. The linear trendline shown in the graphs above is always a straight line with the function

$$Y= mx + b$$

$$Y= mx + b$$

The equation Y= mx + b signifies if the trend of the line is upward or downwards moving.
Here,
Y is the dependent variable
m is the slope
x is the independent variable
b is the point of intercept

The R-squared (R^2) value shows that how closely the values that are estimated for the trendline correspond to the actual data. R^2 is a coefficient determination that varies between $0.0 - 1.0$. When the value for R^2 is close to 1 the trendline is taken to be most reliable.

In graph 1 the variable taken for the study is share capital. As shown in graph 1 the linear trendline is upward sloping and the R-squared value is 0.985. The graph shows us that share capital have consistently rose for the last 10 years taken in the study i.e from 2012 to 21. The R-squared value which is at 0.985 is considered a good fit of the line to the data.

In graph 2 the variable taken for the study is reserve fund. As shown in graph 2 the linear trendline for reserve fund is also upward sloping

and the R-squared value is 0.913. Thus from the graph above we can say that reserve fund have consistently risen for the last 10 years taken in the study i.e from 2012 to 21. The R-squared value which is at 0.913 is considered a good fit of the line to the data.

In graph 3 the variable taken for the study is deposits. The graph 3 shows that the linear trendline is upward sloping and the R-squared value is 0.569. In the graph we see that that, deposits have rose until 31-03-2015 where it reached to Rs.1045.91 Lakhs and then in the immediate next year it drastically reduced to Rs. 648.78 for the year 31.03.16. Though we again observe an upward trend in the subsequent year. But due to the sudden drastic increase and a downfall in the year 31.03.16 the R-squared value is not at a good fit and is at 0.569.

In graph 4 the variable taken for the study is borrowings. As shown in graph 4 the linear trendline is upward sloping but not at an increasing phase. It is near to flat. The R-squared value is 0.04. The graph shows us that there is no continuous pattern of increase or decrease in case of borrowings. The graph shows a decrease and then an increase and a subsequent comparative decrease from the year 31.03.16. Hence the R-squared value is not at a good fit and is at 0.04. However since borrowings of the Bank is an item of liability the fall in borrowings of the Bank year after year from the year 2016 can be considered as a positive trend.

In graph 5 the variable taken for the study is investments. As shown in graph 5 the linear trendline is upward sloping but not at an increasing phase. It is near to flat. The R-squared value is

0.08. The graph shows us that there is no continuous pattern of increase or decrease in case of investments. Investments have risen uptil 31-03-2015 where it reached to Rs.811.37 Lakhs and then drastically reduced to Rs. 355.72 in the year 31.03.16. There is fluctuation in the growth in investments in the subsequent years. Due to the sudden drastic increase and a downfall in the year 31.03.16 the R-squared value is not at a good fit and is at 0.08.

In graph 6 the variable taken for the study is loans and advances. The linear trendline for loans and advances is upward sloping and the R-squared value is 0.994. The graph shows us that there is a consistent rise of loans and advances for the last 10 years taken in the study i.e from 2012 to 21. The R-squared value which is at 0.994 is considered a good fit of the line to the data.

In graph 7 the variable taken for the study is profit and loss. Here the linear trendline is upward sloping and the R-squared value is 0.299. The graph shows us that there is no continuous pattern of increase or decrease in case of profit and loss. There is an increase then a decrease followed by a subsequent motion of increase and decrease from the year 31.03.14. Hence the R-squared value is not at a good fit and is at 0.299. Though the profits made by the bank is not increasing year after year however it is important to note that the bank being a co-operative bank where most of the co-operative units are considered a sick unit the bank in question is still making profits every year.

In graph 8 the variable taken for the study is working capital. As shown in graph 8 the linear trendline is upward sloping and the R-squared value is 0.804. The graph shows us that working capital rose till 31-03-2015 where it reached upto Rs. 1371.83 Lakhs and then slightly reduced to Rs. 1131.06 in the year 31.03.16. However we again observe an upward trend in the subsequent years.

The R-squared value which is at 0.804 is considered a near to good fit of the line to the data.

In graph 9 the variable taken for study is CD Ratio. The credit deposit ratio is calculated by dividing total advances by total deposits. CD Ratio shows how much of the deposits raised by banks has been deployed as loans which is in fact the main banking activity. A low CD ratio means there is poor credit growth in comparison to deposit growth. As shown in graph 10 the linear trendline is upward sloping and the R-squared value is 0.811. The graph shows us that CD Ratio have fallen in 31-03-2014. However we observe an upward trend in the subsequent years. The R-squared value which is at 0.811 is considered a near to good fit of the line to the data. Thus a high CD Ratio year after year shows higher credit demand for a comparatively slow deposit growth.

From the above analysis since share capital, reserve fund, loans and advances, working capital and the most important banking activity depicted by the CD Ratio are all a good fit as seen by its coefficient determination value we can state that the financial position of the KMUC Bank Ltd. in relation to the variables stated above is good. Though borrowing of the Bank shows a bad fit however from the graph we can see that borrowing of the Bank are decreasing from the year 2017 and borrowings being an item of liability which is reducing can be taken as a good sign.

In order to study if the poor are bankable a multiple regression analysis is done. The independent variables taken for the study are - share capital which is represented as X_1, reserve fund which is represented as X_2, deposit which is represented as X_3, investment which is represented as X_4 and loan and advances which is represented as X_5. The dependent variable taken for the model is profit and loss which is represented as Y.

Table 3: Table for Multiple Regression Analysis

Years	Share capital (X_1)	Reserve fund (X_2)	Deposit (X_3)	Investments (X_4)	Loans And Advances (X_5)	Profit & Loss (Y)
31.03.2012	29.76	35.70	336.45	170.41	145.14	7.24
31.03.2013	33.50	44.40	417.90	226.70	216.87	7.28
31.03.2014	36.15	53.59	590.89	268.70	282.89	13.30
31.03.2015	42.09	60.01	1045.91	312.85	392.61	5.64
31.03.2016	47.47	88.87	648.77	253.35	440.98	5.89
31.03.2017	54.67	110.21	710.37	245.94	532.03	19.06
31.03.2018	61.74	187.98	759.17	315.78	633.74	16.06
31.03.2019	66.04	185.53	823.69	355.96	705.47	18.10
31.03.2020	69.16	239.20	881.69	320.47	840.31	23.47
31.03.2021	71.50	306.29	946.77	364.42	891.02	8.33

Source: Balance sheet of K.M.U.C Bank Ltd for the year 2011-2021

Multiple Regression Model

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782[a]	.611	.124	6.00866

a. Predictors: (Constant), X5, X3, X4, X2, X1

Table 5: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.011	26.882		.112	.916
	X1	.135	1.222	.328	.111	.917
	X2	-.148	.121	-2.157	-1.224	.288
	X3	-.025	.027	-.880	-.913	.413
	X4	.013	.092	.125	.142	.894
	X5	.071	.109	2.858	.652	.550

a. Dependent Variable: Y

The value of R^2 (R Square) shown in table 4 shows how much variation of dependant variable is explained by the independent variable in a regression model. The analysis shows that R^2=0.611 which is more than 0.50, it means that more than half of the observed variation that is profit and loss can be explained by the independent variables - share capital (X_1), reserve fund (X_2) deposit (X_3), investment (X_4) and loan and advances (X_5).

The Regression Equation used is-

$$Y = m_1X_1 + m_2X_2 + m_3X_3 + m_4X_4 + m_5X_5 + b$$

$$Y = 0.135X_1 - 0.148X_2 - 0.025X_3 + 0.013X_4 + 0.071X_5 + 3.011$$

The coefficient of multiple determination is 0.611, **which indicates a strong relationship between the independent variable and dependent variable**. Here we find that there is **a positive correlation between** $(X_1$ and $Y)$, $(X_4$ and $Y)$, $(X_5$ and $Y)$, and **negative correlation between** $(Y$ and $X_2)$ and $(Y$ and $X_3)$. This means that share capital (X_1), investment (X_4) and loan and advances (X_5) moves in tandem with the dependant variable i.e profit and loss which is considered as Y variable. On the other hand reserve fund (X_2) and deposit (X_3) has a negative correlation with the dependant variable i.e profit and loss taken as Y. This means that the share capital, investment and loans and advances are increasing at an increasing rate. Hence we see a rising trend in profit. On the other hand reserve fund and deposit are also increasing but not at the same rate as profits.

Thus we can say that though 80% of the customers of the Bank are of below poverty line and 70% of the customers are illiterate. Still the **strong relationship between the independent variable and profit and**

loss signifies that by carrying out the business of the Bank among the small marginalized earners the Bank has not failed in its contribution in making profits year after year. Majority of the customers of the Bank are poor. However the Bank is still making profits year after year which are 19.06 Lakhs,16.06 Lakhs,18.10 Lakhs,23.47 Lakhs and 8.33 Lakhs for the year 2017, 2018, 2019,2020 and 2021 respectively. Thus we can conclude that the poor are bankable.

VI. CONCLUSION

Since banking is a business they work with a motive to make money. However, the primary motive of cooperative banks is to render services to the poor. It is often seen that there is a lack of banking habits among the poor. The Konoklotta Mahila Urban Cooperative Bank Ltd. is the pioneer of being successfully associated in building the banking habits among the less privileged people in Assam. These institutions are considered as a potential instrument to bring the less privileged people under the formal banking network

At the time of survey it is seen that the Bank renders services to the poor, needy and illiterate clients. It is really interesting that most of the clients are nut sellers, nursery vendors, fruits, vegetables, cosmetics, jewellery and garments vendor. Due to such welfare motive of the Bank, it shows a moderate growth in business. However the study shows that it has a good financial position and that the poor are bankable.

The units of the Co-operative sector isn't much looked upon with high hopes. But for a co-operative Bank like Konoklota Mahila Urban Co-operative Bank Ltd. showing moderate growth is worth the mention. The Bank with its strong financial position shows that the poor are bankable. With a good

financial condition of the Bank the Bank has a way ahead to go.

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