Financial and Operational Performance Analysis of State Cooperative Bank: A Study of Haryana

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Abstract: The banking sector in India has faced many turbulences and volatilities due to frequent changes in national and international systems. In order to meet the requirements of different sections of society, the banking sector is structured accordingly. With more rural and partial semi-urban orientation the cooperative banks have been working in India for more than a century. The cooperative banks have better reach in rural India through their huge network of credit societies in the institutional credit structure. Being integral, these banks contribute high in the socio-economic development of the country. These have ideological base, economic objects with social outlook and approach. In northern India, the Haryana State Cooperative Apex Bank Ltd. (HARCO Bank) occupies a vital position and specifically in the economy of Haryana State. It has been financing farmers, rural artisans, agricultural labourers, entrepreneurs, etc. in the State and serving its depositors for decades. From the humble beginning in November 1966, this bank has grown into a sound financing institution of outstanding credit worthiness.

The present study is an attempt to evaluate the financial and operational performance of HARCO Bank. The main objectives of the study are to examine financial performance, operational performance and bankruptcy level of the bank. For this purpose CAMEL model and Z-Score model have been applied besides other statistical techniques to analyze financial and operational performance of this bank. Through CAMEL model capital adequacy, asset quality, management efficiency, earning quality and liquidity level are evaluated and through z-score model bankruptcy level of the bank is evaluated. After identifying the weaknesses through study, significant suggestions have been given.

Keywords: Financial Performance, Operational Performance, Capital Adequacy, Asset Quality, Earning Quality, Liquidity Position and Bankruptcy

I. INTRODUCTION

The finance is the life and blood of trade, commerce and industry and now it has become the backbone of modern business. No business can survive without the services of banks. There was a need of a regulator in banking sector in India due to the failures of hundreds of banks before independence. The RBI (as regulator) was conceptualized as per the guidelines, working style and outlook presented by greatest Indian economist Bharat Ratna Dr. B.R. Ambedkar in front of the Hilton Young Commission. The Commission members found Dr. Ambedkar’s book ‘The Problem of the Rupee- Its origin and Solution’ an invaluable reference tool and the Central Legislative Assembly eventually passed these guidelines as the RBI Act 1934. The RBI initially focussed on rural and agriculture sector considering India as an agrarian economy through its Agri-credit department. However, Cooperative Societies Act 1904 was already in existence at that time and some amendments were also made in that Act with passage of time. Since then the cooperative banking sector has been playing vital role in Indian economy. Being imperative constituent in Indian banking structure, the cooperative banks have better reach to the rural India, through their huge network of branches, credit societies in the institutional credit structure. These have ideological base, economic objects with social outlook and approach. The state cooperative banks have been working in India for more than a century. The cooperative banks have better reach to the rural India through their huge network of branches, credit societies in the institutional credit structure. These have ideological base, economic objects with social outlook and approach. The state cooperative banks work at top (state level) of three tier structure of rural cooperative credit Institutions. These banks (now 29 in number) finance, co-ordinate and control the working of the central cooperative banks in each state. They serve as the link between the Reserve bank and the general money market on the one side and the central co-operative and primary societies on the other. They obtain funds mainly from the general public by way of deposits, loans and advances from the Reserve Bank and they are own share capital and reserves.

The Haryana State Cooperative Apex Bank Ltd. (HARCO Bank) occupies a vital position in the economy of Haryana state in India and has been financing farmers, rural artisans, agricultural labourers, entrepreneurs, etc. and serving its depositors since November 1966. It has 13 branches and 2 extensions counters, with 19 central cooperative banks with their 594 branches working in the length and breadth of the state. The aggregate share capital of HARCO bank stood at Rs. 137.99 crore as on 31 March 2016 as against Rs. 132.61 crore as on 31 March 2015, indicating an increase of 3 per cent. The deposits of HARCO bank at

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Rs.3104.91 crore as on 31 March 2016 as against Rs. 2179.55 crore as on 31 March 2015, generating a growth of nineteen percent. The borrowings outstanding of HARCO bank as on 31 March 2016 was Rs. 4025.27 crore, as against Rs. 4425.04 crore as on 31 March 2015. The loans issued of HARCO bank Rs. 7608.07 as on 31 March 2016 as against Rs. 6748.60 as on 31 March 2015. The loan outstanding of HARCO bank was Rs. 6318.60 crore as on 31 March 2016, indicating an increase of 3.45 per cent, over past year.

II. REVIEW OF LITERATURE

Many theoretical and empirical Studies have been under-taken to assess the role of state cooperative bank in Haryana. Prominent among them are: Kanagasabai (1984) made an attempt to study the determinants of profitability and for this State Cooperative Bank (SCB) facing declining profitability was selected. For this the parameters, viz. Short-term loans to total loans, time deposits to total deposits, borrowing to owned funds were taken for a time period of 1970-71 to 1979-80. It was analysed whether agriculture advances, proportion of time deposits to total deposits and level of borrowings affect the profitability of the bank or not. It was found that these factors affect positively the profits of the bank. So, it was suggested that the bank should design suitable strategies to improve these ratios in order to increase the profitability. Dayanandan and Kumar (1993) made an attempt to evaluate the performance of Central Cooperative Banks (CCBs) in Kerala on the basis of their progress in membership, share capital, deposits, reserve funds, loans overdue and net profit earned. To analyse the growth rate, trend values were calculated on the basis of three year moving averages. It was found that the CCBs have achieved better performance in share capital, membership, deposits and reserve fund but there is no achievement in net profit because of steady. Verma (1992) analysed the effectiveness of agricultural credit by cooperative credit institutions in Nagari block of Chittoor district in Andhra Pradesh. It was found that there is large amount of overdue of loans and the major defaulters are medium level farmers. Lack of proper supervision of end use of loans, inadequate amount of credit sanctioned and the natural calamities like drought are some of the reason of overdue. It was suggested that small and marginal farmers should be involved; the procedure of sanctioning loans should be simplified; and proper supervision on the end use of credit should be made.

Rao (1998) examined the challenges and opportunities thrown due to the introduction of financial sector reforms in cooperative banks. It was analysed that this change can create turbulence in the short run, but the opportunity will provide real diversification of business. It was suggested that certain reforms in internal framework (i.e. improving operational efficiencies, cost effectiveness, etc.) and external framework (functional autonomy, professionalism) are required to meet the challenges and opportunities put forward by financial sector reforms. Chander and Chandel (2010) examined the financial viability, efficiency and performance of four DCCBs operating in Gurgaon division in Haryana (India), viz. Gurgaon, Faridabad, Mahendergarh and Rewari for a period of twelve years (1997-98 to 2008-09) by financial analysis and z-score analysis. The financial parameters taken were profitability, liquidity, efficiency, solvency, risk and bankruptcy. The results revealed that four DCCBs with approximately fifty branches have not been performing well on all financial parameters taken for study. The banks performed well on one parameter but deteriorated on another and in different years as well. All the banks were a part of bankruptcy zone (weak performance zone) throughout the study period. The banks were needed to visualize their operations, policies and strategies for effective utilization of available financial and human resources. They recommended that the banks should amend their vision and act accordingly for sustenance in fierce competitive financial environment. Pathak, Soni and Bhati (2011) compared cooperative banks with nationalized banks on five parameters, viz. ease of deposit, ease of withdrawal, customer relations, reliability of bank, and ease of location with a sample size of 100 customers as respondents having accounts both in a nationalized bank and a cooperative bank. They found that cooperative banks fared better in ease of deposit & customer relations. On the other hand nationalized banks fared better in ease of withdrawal & reliability. While on location advantage, no significant difference has been found.

Objectives of the Study

The study under consideration proposes to achieve the following objectives:

i) To study and examine the financial performance of the Haryana State Cooperative Apex Bank Ltd. (HARCO Bank)

ii) To scan and analyse the operational performance of the Haryana State Cooperative Apex Bank Ltd.

iii) To inspect into the viability/bankruptcy level of Haryana State Cooperative Apex Bank Ltd.

III. RESEARCH METHODOLOGY

A. Type of Research and Data Collection

The present study is analytical and descriptive in nature. The data has been collected from secondary sources, i.e. Annual Financial Statements of the Bank, Research Journals, Financial Reports, Reports published by Government, e-newspapers etc. The data has been taken for eight years i.e. from 2009-2010 to 2016-2017.
B. Hypothesis of the study

- \( H_01 \): There is no significant difference in the financial performance of HARCO bank during the study period.
- \( H_02 \): There is no significant difference in the operational efficiency of HARCO bank during the study period.
- \( H_03 \): There is no significant difference in the bankruptcy level of HARCO bank during the study period.

C. Statistical Tools and Techniques

The CAMEL Model and Z-Score model have been applied besides ratio analysis and statistical techniques like- t-test and ANOVA.

**a) Ratios to measure profitability**

- Return on Capital Employed
  \[ \text{ROCE} = \frac{\text{NPAT}}{\text{TA}} \times 100 \] (Wherein, NPAT=Net Profit after tax, TA=Total Assets)
- Profit Margin
  \[ \text{PM} = \frac{\text{NP}}{\text{TI}} \times 100 \] (wherein, NP=Net Profit, TI=Total Income)

**b) Ratios to measure current obligation**

- Cash-Assets ratio
  \[ \text{CAR} = \frac{\text{C}}{\text{TA}} \times 100 \] (wherein, C=Cash, TA=Total Assets)
- Cash-Deposit ratio
  \[ \text{CDR} = \frac{\text{C}}{\text{TD}} \times 100 \] (wherein, C=Cash, TD=Total Deposit)

**c) Ratios to measure solvency**

Outside Liabilities to Total Assets

- \( \text{OLTA} = \frac{\text{TB}}{\text{TA}} \times 100 \) (Wherein, TB=Total Borrowings, TA=Total Assets)
- Interest coverage ratio or debt service ratio
  \[ \text{ICR} = \frac{\text{PBIT}}{\text{TIE}} \times 100 \] (wherein, PBIT=Profit before Interest and Taxes, TIE=Total Interest Expenditures)

**d) Ratios to measure efficiency**

- Operating Efficiency Ratio
  \[ \text{OER} = \frac{\text{TOE}}{\text{TA}} \times 100 \] (wherein, TOE=Total Operating Expenses, TA=Total Assets)
- Cost of funds
  \[ \text{COF} = \frac{\text{TIE}}{\text{TB}} \times 100 \] (wherein, TIE=Total Interest Expenses, TB=Total Borrowings)

**e) Ratios to measure risk**

- Equity Assets Ratio
  \[ \text{EAR} = \frac{\text{TE}}{\text{TA}} \times 100 \] (wherein, TE=Total Equity, TA=Total Assets)
- NNPA to Sales
  \[ \text{NNPS} = \frac{\text{NNPA}}{\text{S}} \times 100 \] (wherein, NNPA=Net Non Performing Assets, S=Sales)

**f) CAMEL Model**

The composite ratings are assigned in the model in terms of 1-5 numerics. The number 1 indicates the highest rating, strongest performance, least degree of supervision concern, and sound health, while 5 indicates lowest rating, inadequate performance and weak health of bank and so receiving highest degree of supervisory concern.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Efficiency Parameters</th>
<th>Measurement Ratios</th>
<th>Rating (on a five point scale)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capital Adequacy</td>
<td>Risk weighted capital to Assets</td>
<td>( 5 = 1-5, 4 = 6-10, 3 = 11-15, 2 = 16-20, 1 = \text{more than 20} )</td>
</tr>
<tr>
<td>2</td>
<td>Asset Quality</td>
<td>NPA to Advances</td>
<td>( 5 = \text{more than 11}, 4 = 8-10, 3 = 5-7, 2 = 2 - 4, 1 = \text{less than 1} )</td>
</tr>
<tr>
<td>3</td>
<td>Management</td>
<td>Net Profit per Employee</td>
<td>( 5 = \text{less than 1, 4 = 1 - 2, 3 = 2 - 3, 2 = 3 - 4, 1 = \text{more than 4}} )</td>
</tr>
</tbody>
</table>
The financial performance of the bank has been evaluated considering profitability, liquidity, solvency, efficiency and risk ratios as discussed below.

Table: V.A. Financial Performance of HARCO Bank (Year 2009-17)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
<th>PM</th>
<th>CAR</th>
<th>CDR</th>
<th>OLTA</th>
<th>ICR</th>
<th>OER</th>
<th>COF</th>
<th>EAR</th>
<th>NNPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>-0.411</td>
<td>-8.43</td>
<td>3.59</td>
<td>8.12</td>
<td>44.75</td>
<td>-9.46</td>
<td>0.53</td>
<td>9.71</td>
<td>10.18</td>
<td>0.07</td>
</tr>
<tr>
<td>2010-11</td>
<td>0.099</td>
<td>1.83</td>
<td>3.15</td>
<td>7.6</td>
<td>50.06</td>
<td>2.34</td>
<td>1.01</td>
<td>8.45</td>
<td>8.93</td>
<td>0.06</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.307</td>
<td>5.72</td>
<td>3.34</td>
<td>9.5</td>
<td>56.08</td>
<td>7.26</td>
<td>1.14</td>
<td>7.56</td>
<td>7.84</td>
<td>0.05</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.45</td>
<td>7.6</td>
<td>1.45</td>
<td>4.05</td>
<td>55.21</td>
<td>9.21</td>
<td>1.04</td>
<td>8.98</td>
<td>7.46</td>
<td>0.05</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.33</td>
<td>5.37</td>
<td>1.69</td>
<td>5.4</td>
<td>59.68</td>
<td>6.41</td>
<td>0.99</td>
<td>8.7</td>
<td>7.81</td>
<td>0.05</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.22</td>
<td>3.97</td>
<td>2.12</td>
<td>7.07</td>
<td>61.07</td>
<td>4.68</td>
<td>0.85</td>
<td>7.83</td>
<td>7.59</td>
<td>0.05</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.29</td>
<td>5.22</td>
<td>2.024</td>
<td>5.2</td>
<td>50.13</td>
<td>6.22</td>
<td>0.91</td>
<td>6</td>
<td>9.49</td>
<td>9.12</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.35</td>
<td>6.32</td>
<td>3.31</td>
<td>8.08</td>
<td>47.12</td>
<td>7.61</td>
<td>0.94</td>
<td>9.77</td>
<td>8.15</td>
<td>0.04</td>
</tr>
<tr>
<td>Mean</td>
<td>0.20437</td>
<td>3.45</td>
<td>2.58425</td>
<td>6.8775</td>
<td>53.012</td>
<td>4.28375</td>
<td>0.92</td>
<td>8.8112</td>
<td>5</td>
<td>8.385</td>
</tr>
<tr>
<td>S.D</td>
<td>0.26865</td>
<td>5.09146</td>
<td>0.84895</td>
<td>1.82905</td>
<td>5.89</td>
<td>5.91</td>
<td>0.18</td>
<td>0.835</td>
<td>0.94</td>
<td>0.009</td>
</tr>
<tr>
<td>t-test</td>
<td>-13.64</td>
<td>-4.74</td>
<td>-8.04</td>
<td>-4.82</td>
<td>13.43</td>
<td>-5.12</td>
<td>-16.6</td>
<td>-4.02</td>
<td>-19.8</td>
<td>-841.58</td>
</tr>
</tbody>
</table>

(Source: Calculated from Financial Reports of Harco Bank)

It is construed from the above table V.A. that two ratios each have been taken under five financial parameters, i.e. Profitability, Liquidity, Solvency, Efficiency and Risk and inferred as below-

i. Profitability Analysis

Profits are a measure of creditworthiness or worth of investment for owners, source of fringe benefits for employees and a measure of tax-paying capacity for Government. Profit earning is essential for the survival of all banks. However, RRBs are not meant for profit earning yet they can make their operations properly and
discharge their obligations to different segments of the society only through earnings or profits. For Profitability Analysis two ratios have been considered, i.e. Return on Capital Employed (ROCE) and Net Profit Margin (PM) ratio. There is a declining trend in ROCE and PM during the study period with mean value 0.204 and 3.45 respectively. The standard deviation in both the cases is 0.26 and 5.09. The declining and lower ratio signifies that bank is deficient in utilizing the total investments made in fixed/current assets and generating lesser returns. There is no significant difference in ROCE as t-value was -13.64 (sig. 2.68) but there was significant difference in PM with t-value -4.74 (sig. 0.0021) during the study period.

ii. Liquidity Analysis

Liquidity refers to the ability of a concern to meet its current obligations as and when these become due. The Cash Asset Ratio (CAR) reflects the liquidity level against the asset base of the bank and higher ratio is considered better. The average CAR was 2.58 and CDR was 6.87 which prove that liquidity position of PGB was poor and standard deviation was low, i.e. 0.84 and 1.82 which signifies that most of the ratios are very close to the average or clustered closely around the mean. There is no significant difference in CAR as t-value was -8.04 (sig. 8.77) but there was significant difference in CDR with t-value -4.82 (sig 0.0019) during the study period. Lower ratios (liquidity) may impact the creditworthiness and payment capacity negatively meaning thereby the bank may face problem of timely payment to the depositors due to shortage of cash which ultimately may adversely affect the creditworthiness and profitability.

iii. Solvency Analysis

The ‘solvency’ is the ability of a bank to meet its long term obligations, so, solvency ratios indicate a bank’s ability to meet the fixed interest, costs and repayment schedules associated with its long term borrowings. The average OLTA ratio for HARCO bank was 53.01 maintained but the banks with higher ratio should try to lower down this ratio for better solvency condition. The Standard deviation in the ratio was 5.89 and t-value was 13.43(sig. 2.89) which prove no significant difference in the calculated ratios. The average Interest coverage ratio (ICR) or debt service ratio was 4.28 it indicates these ratios are very low which is alarming for bank to revive. There must be sufficient amount/percentage of profits to pay for interest to the creditors/depositors otherwise may impact the creditworthiness negatively. The Standard deviation in the ratio was 5.91 and the t-value -5.12 (0.0013) and was significant difference at 0.05 level.

iv. Efficiency Analysis

The efficiency ratios measure the effectiveness with which funds are utilized in the business, how well the institution controls expenses relative to producing revenues, and how productive employees are in terms of generating income, managing assets and handling operations. The lesser the proportion of operating expenditure to total assets, the better is for the bank as more profit will be available to meet other expenditures and ultimately more earnings will be available in the hands of owners. In case of the OER ratio was lesser its shows that bank as more profit will be available to meet other expenditure and COF are on increasing trend with average value 0.927and 8.81 respectively. The values of standard deviation are 0.182 and 0.835respectively. The t-value -16.6 (sig.6.91) in case of OER proves significant difference in the calculated values of OER. But in case of COF, there is significant difference in the calculated values of ratio and t-value was -4.02(sig. 0.0025). The bank is in critical situation in case of Cost of funds ratio which increasing every year. However, cost of funds depends upon the market interest rates, yet the same can be minimized with efficient management and better prediction but HARCO bank was less efficient.

ev. Risk Analysis

In banking sector mainly three types of risks are considered, viz. Credit risk (which arises if the counterparty does not settle the dues within stipulated time), Market risk (which arises due to movement of prices of various financial instruments) and Operation risk (which arises due to the failure of people, system or process and results in losses). The average proportion of equity assets ratio (EAR) for the HARCO bank has been (8.38) which reflects how many assets can default before the equity is eroded. The higher the ratio, the lesser is the risk for a bank. The standard deviation was 0.94 and the t-value was -19.8 (sig.2.07) not significant different at 0.05 level. The NNPS ratio should not be greater than 3 as per the RBI guidelines but in case of HARCO bank the average NNPS is 0.051 and on decreasing trend which indicate that bank was entering in the safer zone. The standard deviation was low (0.009) and the t-value -841.58 (sig. 8.83) was no significant difference at 0.05 level.

B. Operational Performance Analysis of SHGB

The operation performance analysis of the bank is made through CAMEL Model. The CAMEL Model includes mainly five parameters as discussed below.

<p>| Table: V.B. Operational Performance Analysis through CAMEL Ratings/Model (Year 2014-17) |</p>
<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Adequacy</th>
<th>Asset Quality</th>
<th>Management Efficiency</th>
<th>Earning Quality</th>
<th>Liquidity Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>10.27(4)</td>
<td>0.07(1)</td>
<td>3.5(2)</td>
<td>-0.41</td>
<td>8.12(4)</td>
</tr>
<tr>
<td>2010-11</td>
<td>11.19(3)</td>
<td>0.06(1)</td>
<td>1.06(4)</td>
<td>0.099(5)</td>
<td>7.6(4)</td>
</tr>
</tbody>
</table>

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It is visible in the above table and figure V.B. that HARCO bank has been performing well on Asset quality and management efficiency parameters with ratings between 1, 2 and 3. But the values of asset quality have been increasing every year, so, the bank must try to decrease the amount of non-performing assets (NPA). Assets quality and management efficiency rating is very good in both parameters with rating is 1 which is a good sign of bank.

Capital Adequacy parameter with a rating between 3 and 4. It indicates that less than satisfactory level of capital that does not fully support the bank’s risk profile. A lower value of earning quality has rating 5 which indicates a critically deficient level of earnings quality and the bank may face the threat of losing its capital. Liquidity position of Harco bank is very poor with a rating between 4 and 5. The rating proves the inability of the Harco to meet its day to day cash needs. Sometimes due to various reasons, a bank may suddenly experience huge withdrawals but rating 5 indicates critically deficient liquidity position of the bank.

C. Viability/Bankruptcy Analysis of SHGB

The bankruptcy level of the bank may be checked through Altman’s Z-score analysis. The ‘Z’ scores with respect to the SHGB under study have been shown in following table and graph.

### Table: V.C. Viability/Bankruptcy Parameter and Z-Score Values (Year 2014-2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Model Parameter</th>
<th>Z-score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2010-11</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2011-12</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2012-13</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2014-15</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2015-16</td>
<td>0.598</td>
<td>0.933</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.598</td>
<td>0.933</td>
</tr>
</tbody>
</table>

(Source: Calculated from Financial Reports of Harco Bank)
It can be inferred from the above table and figure V.C that the viability/bankruptcy situation of the bank is weak during the study period as the value of z-score has been below 1.8 (see dotted line in the figure) in all the years. The average value noticed is 1.008 which is also below 1.8 which signifies that HARCO bank is in the bankruptcy (weak performance) zone. In any case the bank has to take measures to come out of this weak zone and has to work hard to reach in high healthy zone which is above 3 in z-score model.

V. CONCLUSION

The banking sector acts as backbone of modern business and finance is its life-blood. The development of any nation mainly depends upon the efficiency of its banking system. The cooperative banking sector is one of the main partners of Indian banking structure. These banks have more reach to rural India, through their branches and huge network of credit societies in the institutional credit structure. The present study is focused on the financial and operational performance of apex bank in cooperative sector in Haryana, i.e. HARCO bank. This bank has been performing well on Asset Quality and Management Efficiency parameters with ratings between 1 and 3. The Assets Quality rating is very good with lowest rating (i.e.1) which proves that level of non-performing assets has been tolerable in this bank. Similarly, the bank has been working well on management efficiency parameter.

There is an issue of non-availability of adequate capital. The Capital Adequacy parameter indicates that lesser capital in the bank can’t fully support the bank’s risk profile. The bank is in a troublesome situation with highest rating in earning quality and liquidity position; i.e.- rating 5. The bank has critically deficient level of earnings quality and it may face the threat of losing its capital in near future. The ratings confirm the inability of the bank to meet its daily cash needs and difficulty in routine operations. A bank may suddenly experience huge withdrawals sometimes, but with highest rating, the bank is in critically deficient liquidity position and it would be difficult for the bank to supply cash in case of emergencies. The bank must focus on having proper cash management/liquidity management to ensure continuity in routine operations by making adequate cash/liquidity available. There must be availability of adequate capital in the bank and that capital must be properly utilized to have optimum returns or earnings. The viability/bankruptcy situation of the bank has been weak as the value of z-score has been below 1.8 during the study period. The bank must work efficiently on all the parameters of Z-score and has to strive hard in order to penetrate into healthy zone. The results of this study are little contradictory because without adequate capital and without optimum earnings, how a bank can be good at management efficiency. The authors have no control on the available data in case of secondary data based studies. In this study, the authors smell a rat as the result are skeptical on the adequate level of asset quality (status of NPA) also, so, the chartered accountants/auditors must investigate rigorously into book of accounts of this bank to find any window dressing or manipulation.

VI. REFERENCES

Research Journals


**Websites**


[8] Official website of Reserve Bank of India

[9] Official website of NABARD

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