



# Employment of Funds in Kerala State Co-Operative Bank (KSCB)

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## I. Introduction

The history of Co-operative movement concerns the origin and history of Co-operatives. Although, the co-operative arrangements and principles of co-operation existed long before, the co-operative movement began with the application of co-operative principles to business organization. The achievement of co-operative movement includes economic benefit, political benefit. The origin of co-operation is old as human civilization. Sir. Horace Plunkett said “Co-operation is a self-help made effective through organization”. Mr. H. Calvert defined “Co-operation as a form of organization wherein persons voluntarily associate together as human being on the basis of equality for the promotion of the economic interest of themselves.” The co-operative movement in Kerala has a long history. The movement started in Kerala long before the attainment of independence. In 1946 there were 1669 co-operative societies with a share capital of ₹ 32 lakhs.

There are at present about 14000 co-operative societies under the Register of co-operative societies. Out of these 10,503 societies are functioning satisfactorily. They include the apex institutions like the state Co-operative Bank, the State Agricultural and Rural Development Bank, 14 District Co-operative Banks, 60 Urban Banks, 48 Primary Agricultural and Rural Development Banks and 1602 primary Lending Societies. The total deposit in the co-operative sector is 40,000 crores. About 75% of this is distributed as loans.

Co-operative institutions were developed in Kerala as a result of mass struggles and peoples' participation. Compared to the movements in other States, the co-operative movement in Kerala is more comprehensive and creative. Land reforms have played a great role in freeing the people from the clutches of illicit money lenders who extracted heavy interests. Apart from functioning as a service sector, the co-operative movement also serves as an employment sector also. About 40,000 persons are employed in the co-operative societies coming under the jurisdiction of the Registrar of Co-operative Societies. If all the employees working in the entire co-operative sector are taken together, it may exceed 1 lakh. It has importance as a sector which employs an enormous number of employees both directly and indirectly.

## Statement of the Problem

Financial institutions play significant roles in the economic development of a country broadly by promoting mobilization of resources and allocating these resources in the form of loans and advances. The resources available with the financial institutions are to be carefully managed and distributed in order to maintain efficiency. Efficiency of funds management lies not only in the efficient mobilization of funds but also in the effective and optimum use of resources. This argument is very much relevant in the present context because, out of the total resources of the banking institutions, a good share is to be kept as reserves and the banks have to improve their spread by efficiently managing the remaining resources. The problem becomes further complicated in the current environment of global economic reforms and the resultant cut-throat competition. Co-operative banks are also not free from this global problem.

The service Co-operative Bank mobilizes deposits from members and borrow fund from other financial institutions. If the fund mobilized is not properly utilized, it will affect the overall efficiency of the bank. The bank being a service co-operative bank, it extends all types of credit needs. The profitable employment of fund after considering the factors like profitability, liquidity and safety are essential for the development of the bank with maximum profit. So we concentrated on the topic of management or 'Employment of funds' in this bank to assure better living to its members and for the economic development.

### **Significance of the Study**

This study has a major focus only on the funds of the KSCB. This helps to identify the changes of fund flow in KSCB. Other functional and operational transactions like deposit mobilization and credit expansion were not considered for analysis purpose.

## **II. Review of Literature**

Verma S.K (1999) examined the rural development through co-operatives. He has observed that the co-operative institutions have been tremendously contributing in accelerating the economic development of rural and urban areas of the country specially the economically weak people. He has concluded that it is the best instrument to promote social justice and prevention of exploitation at the gross root level.

Bhaskaran and Josh (2000) decided that the recovery performance of co-operative credit institutions continues to unsatisfactory which contributes to the growth of NPA even after the introduction of prudential regulations. They proposed legislative and policy preparations to make co-operative credit institutions more efficient, productive and profitable organization in tune with competitive commercial banking.

Jain (2001) has done a comparative performance analysis of District Central Co-operative Banks (DCCBs) of Western India, namely Maharashtra, Gujarat and Rajasthan and found that DCCBs of Rajasthan have performed better in profitability and liquidity as compared to Gujarat and Maharashtra.

Ansari A.A and Amir Ullah Khan (2004) have examined the agricultural sector reforms and role of co-operatives. They have observed that the economic reforms, which have been introduced since 1991, have given new dimensions to precepts and practices of economic development. They have concluded that the co-operatives have not been able to take the fullest advantage of the economic reforms, as they have been bypassed in the reform process.

Singh and Singh (2006) deliberate the funds management in the District Central Cooperative Banks (DCCBs) of Punjab with specific reference to the analysis of financial margin. It noted that a higher proportion of own funds and the recovery concerns have resulted in the increased margin of the Central Co-operative Banks and thus had a larger provision for non-performing assets.

Maivaluri, Boppana and Nagarjuna (2006) recommended that performance of banking in terms of profitability, productivity, asset quality and financial management has become significant to stable the economy. They found that public sector banks have been more efficient than other banks operating in India.

Pal and Malik (2007) examined the differences in the financial characteristics of 74 (public, private and foreign) banks in India based on factors, such as profitability, liquidity, risk and efficiency. It is suggested that foreign banks were better performers, as compared to other two categories of banks, in general and in terms of utilization of resources in particular.

Campbell (2007) focused on the relationship between nonperforming loans (NPLs) and bank failure and argued for an effective bank insolvency law for the prevention and control of NPLs for developing and transitional economies as these have been suffering severe problems due to NPLs.

Dutta and Basak (2008) suggested that Co-operative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

Darling Selvi V (2008) examines the lending performance of Kanyakumari District Central Co-operative Bank (KDCCB). He observed that the overall growth rate of loan disbursement on short term credit shows a positive growth of 25%. The credit facilities extended by KDCCB are high for services, medium for industries and low for agriculture. He concludes that the overall performance of the KDCCB is good. If the benefits are properly toiled and utilized there will be a bright future for both to the community and to the nation.

Singla(2008) emphasized on financial management and examined the financial position of sixteen banks by considering profitability, capital adequacy, debt-equity and NPA.

Chander and Chandel (2010) analyzed the financial efficiency and viability of HARCO Bank and found poor performance of the bank on capital adequacy, liquidity, earning quality and the management efficiency parameters.

### **Objectives of the Study**

1. To study the resources of the bank
2. To study the utilization of deposits
3. To give suggestions for improving the employment of funds

### **III. Research Methodology**

Type of Research - Descriptive research is used in this study in order to identify the lending practices of bank and determining utilization of funds. The method used was questionnaire and interview of the experienced loan officers.

#### **Sample selection**

The Kerala State Co-operative Bank selected as sample for the study of the employment of funds of KSCB.

#### **Data collection and procedure**

The study made use of both primary and secondary data. The primary data is collected from members, nonmembers, staff, managing committee members etc. for analyzing the trend and pattern of funds, 5 years data collected from annual reports, Bye-laws, ledgers, registers, and audit report of the TSCB starting from 20011-2015.

#### **Scope of the Study**

The present study is limited to the fund management of the KSCB, palayam. Though funds management is a very broad concept, the present study explores only the sources and utilization of funds and their management efficiency. However, the concept of efficiency is relative and hence precise and direct measurement is difficult.

#### **Limitations of the Study**

1. Time constraints:-The functions of the bank are very wide. The time is limited to understand the overall functioning of the bank.
2. References:- only five years records are taken for the study and records of head office were only taken for analysis of the project work.
3. Discussions and suggestions:- lack of proper interactive discussions with the authorities in the bank.

#### **Profile of the bank**

The beginning of the Kerala state co-operative Bank Ltd dates back to early 20<sup>th</sup> century .In the year 1914, the then Maharaja of Travancore, His Highness SreeMoolamThirunalRamavarma, through a proclamation introduced "The Travancore co-operative societies Regulation Act". The first co-operative society in the State of Travancore got registered under this Act was "The Trivandrum Central Co-operative Bank", on 23<sup>rd</sup> November 1915.It started functioning as a Bank on January 18,1916 with a share capital of ₹ 100000/- made up of 1000 shares of ₹ 100/- each. In the beginning there were 16 Co-operative Societies and 69 individuals as its members. Later the Bank endeavoured to build up loan portfolio with a working capital of ₹ 50000/- raised by means of a special borrowing from the Government. In `1934 the Bank could earn a working capital of ₹ 21.97lakhs including a deposit of ₹ 19.44lakhs

In 1943, it was converted in to the Travancore Central Co-operative Bank, giving it a federal character of the Travancore State. In the wake of Indian Independence and the reorganization of state, the bank was re-organized as a State Co-operative Bank for Travancore- Cochin State in the year 1954.In the year 1956, the reorganization of Indian States took place and the State of 'Kerala' was formed. The Bank was then elevated to the position of State Co-operative Bank for the state of Kerala and it became "The Kerala State Co-operative Bank Ltd." At the time, the Bank had a working capital of ₹ 42.90lakhs, deposit of ₹ 30.33lakhs and loans advances to the tune of ₹ 21.66lakhs

The Kerala State Co-operative Bank was registered and retained as an Apex Bank in which only Co-operative Banks approved by the Registrar of co-operative Societies were admitted as members. Since then the Trivandrum District Co-operative bank and the Government of Kerala were the only members. Subsequently after the formation of the Districts, District co-operative bank were registered in each District Co-operative Banks were admitted as members.

In July 1996, the Kerala State Co-operative bank Ltd was included in 2<sup>nd</sup> schedule of the Reserve Bank of India Act 1934 and was brought under the control of Reserve Bank of India. The Reserve Bank of India as per the provision

Contained in the 2<sup>nd</sup> Schedule of the Act approved the bank as Schedule state co-operative Bank. The Kerala State Co-operative bank Ltd is the first Schedule Apex Co-operative Bank in the co-operative Banking sector in the country. During April 1972, In accordance with the provision of Rule Act 1949, the Reserve Bank of India issued license to the Bank for carrying on banking Business.

At present the 14 District Co-operative Banks and the Government of Kerala are the member and shareholders of the Bank.AS on 31<sup>st</sup> March 2014, the authorized Share capital of the Bank is ₹ 1000.00crore

consisting of 10,00,000 shares of ₹ 100/-each. The paid up share capital of the Bank as on 31<sup>st</sup> March 2014 is Rs 494.20 crore which include the Government share capital contribution of ₹ 294.20 crore.

### **Sources of Funds**

Fund is the life blood of each and every organization. Bank deals with public men's money. Without funds bank cannot function smoothly. So the Bank mobilizes funds from public through various kinds of deposits. These deposits ensure flow of fund into the organization, so that the bank can utilize these funds in an effective manner and thereby ensure financial stability in the organization. Sources of funds are share capital, reserves, deposits, borrowings, working capital, loans and advances and investments.

### **Share capital**

The term share capital denotes the amount of capital raised or to be raised by the issue of shares. A share is one of the units in to which the total capital is divided. The share capital might be the main source of the mobilization of fund. Share capital refers to the portion of a company's equity that has been obtained by trading stock to a shareholder for cash. In its strict sense, as used in accounting, share capital comprises the nominal values of all shares issued if the allocation price of shares is greater than their par value. eg: as in a rights issue, the shares are said to be sold at a premium commonly, the share capital is the total of the aforementioned nominal share capital and the premium share capital.

### **Reserve fund**

The Reserve fund shall belong to the bank as a whole and is intended to meet unforeseen loss. No part of the funds of a co-operative society shall be divided by way of bonus or dividend or otherwise among its members. Provided that after at least one-fourth of the net profit in the year has been carried to the reserve fund payments from the remainder of such profit and from any profits of past years available for distribution may be made to the member to such extent and under such conditions as may be prescribed by the rules or bylaws. The Reserve funds of the bank shall not be invested or deposited except one or more of the modes mentioned in section 39 of the co-operative societies act. But when reserve fund of the bank exceeds 20% of its working capital, the excess may with the sanction of the Registrar, be utilized in its business.

### **Deposits**

Deposits are the important source from which a bank derives a major portion of its funds. Deposit represents 90% of bank funds. Receiving of deposit has been considered as an ideal method of raising working capital of the society.

#### **1. Fixed Deposit**

When a fixed sum of money is deposited in a bank for a definite period, it is called a fixed deposit. Fixed deposit is beneficial to both the banker and depositor. They are useful to the banker because it is deposited for a definite period and he is known as the time of repayment. Therefore, he can invest the amount in long term securities which may bring him a higher return. Moreover, cheque system is not allowed against fixed accounts. A depositor is also benefited, as he earns a higher rate of interest. On receipt of the deposit amount, the banker issues a receipt known as "Fixed Deposit Receipt".

#### **2. Savings Deposit**

Savings Bank Accounts are those accounts opened by persons of moderate means who want to save something out of their fixed income to safeguard against future uncertainties and at the same time to earn some income by way of interest. This is a scheme opened to mobilize scattered savings of the public and direct them towards proper investment. Certain restrictions are imposed on number of times of withdrawal of money within a period. A moderate rate of interest is allowed on all savings deposits.

#### **3. Current Deposit**

Current Deposit Account is a running account in which money can be deposited and withdrawn without any limit. No restrictions have been imposed on the current account, relating to the number of times the account shall be operated during a day, a week or month. Any amount can be deposited any number of cheques can be issued on such accounts. The money deposited in the account is repayable on demand and therefore banker is expected to maintain sufficient reserves. It is suitable for big business houses, public institutions, corporate bodies etc. Current account holder should keep a minimum balance of 500 to keep account running. Overdraft facilities are permitted in this type of account's only.

### **Borrowings**

Borrowing is a source of fund for the organization for development and modernization. The organization arranges the fund from different financial institutions on the basis of term loans against mortgage of fixed asset or any other valuables

### Working Capital

Working capital is a financial metric which represent operating liquidity available to a business, organization or other entity ,including government entity Along with fixed assets such as plantand equipment ,working capital's considered a part of operating capital. Gross working capital equal to current asset. Working capital is calculated as current asset minus current liabilities.Working capital means funds at the disposable of the society inclusive of the paid up capital, share capital, funds created out of profit and money raised by borrowing or by any other means.

The greater the amount of capital held by the co-operative, the greater its ability to purchase more efficient technology, invest in staff training and education and make other improvements to the running of the business.

### Loans And Advances

Lending money is one of the primary function of the bank .The bank lends money in different forms and they generally lend money only for short periods. Since the deposits are repayable on demand, the bank cannot lock up funds for longer periods. Usually loans are granted against collateral securities, but in some cases advances are also given purely on the personal security of Government.

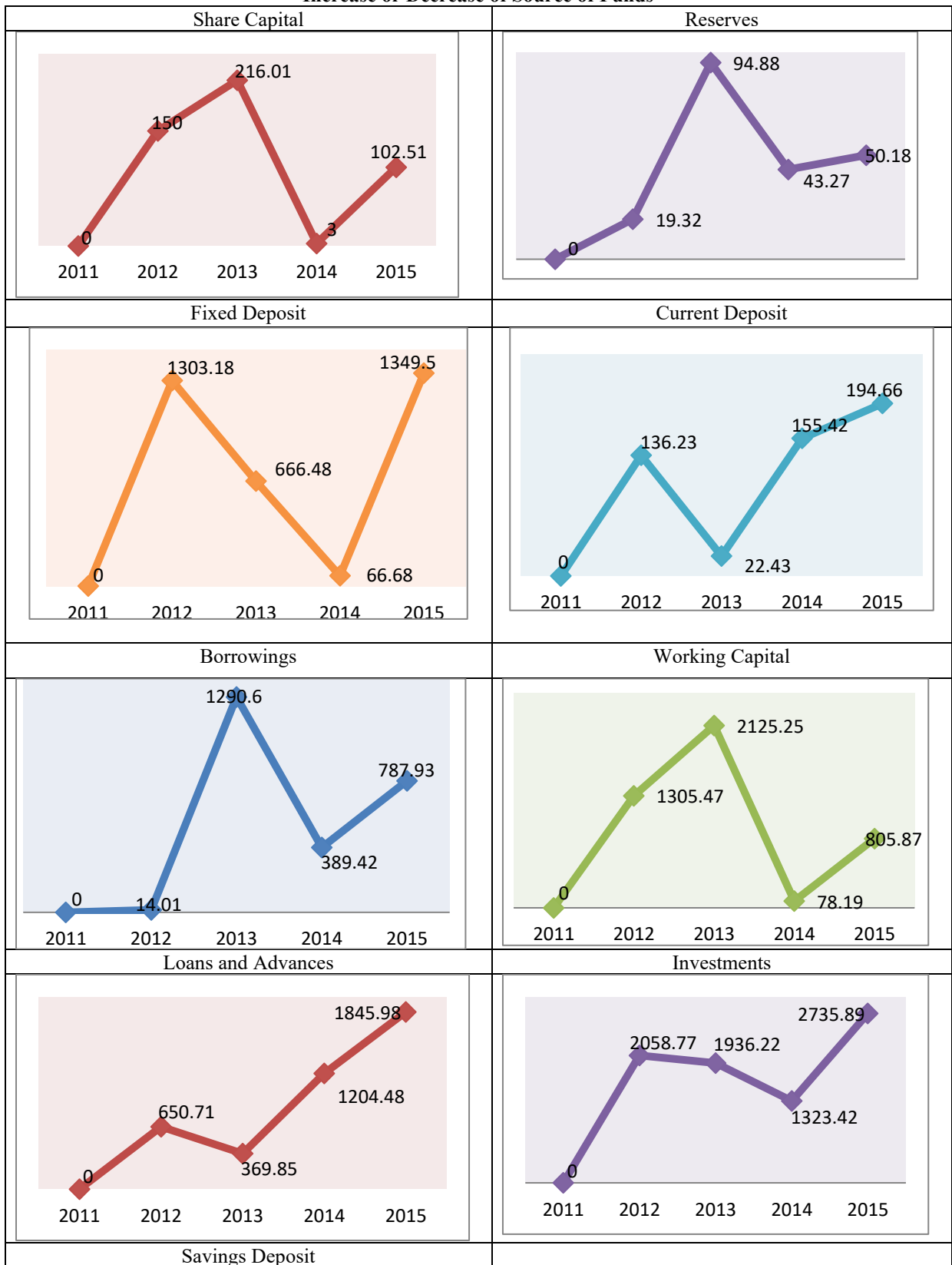
### Investment

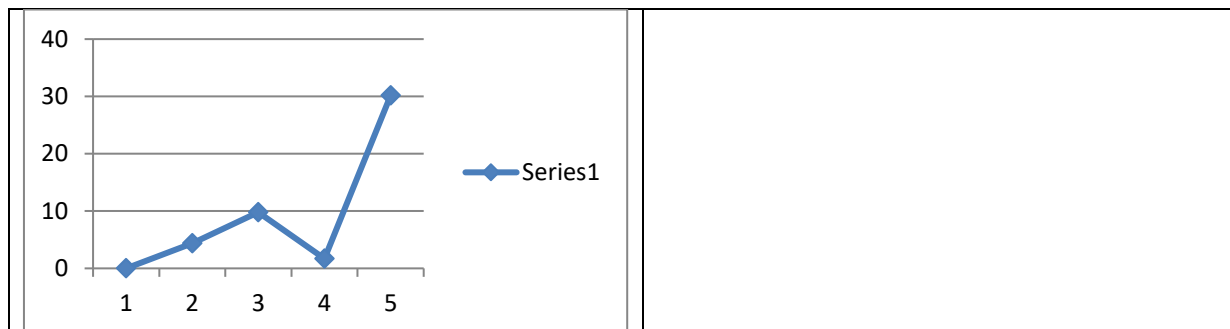
An investment is an asset or item that is purchased with the hope that it will generate income or appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price. In finance investment is buying or creating an asset with the expectation of capital appreciation, dividends, Interest earnings, Rent or some contribution of these returns. This may or may not be backed by research and analysis most or all forms of investments involve some form of risk such as investment in equities, property and ever fixed interest securities which are subject among other things to inflation risk.

#### Sources of Funds and its Changes

Sources		2011	2012	2013	2014	2015
Share Capital	Amount	22.68	172.68	388.69	391.69	494.2
	Increase/Decrease	0	150	216.01	3	102.51
Reserves	Amount	288.68	308	402.88	359.61	409.79
	Increase/Decrease	0	19.32	94.88	43.27	50.18
Fixed Deposit	Amount	6154.5	4851.3	5517.8	5584.5	6934
	Increase/Decrease	0	1303.2	666.48	66.68	1349.5
Savings Deposit	Amount	85.98	81.63	91.44	93.15	123.32
	Increase/Decrease	0	4.35	9.81	1.71	30.17
Current Deposit	Amount	408.72	272.49	294.92	450.34	645
	Increase/Decrease	0	136.23	22.43	155.42	194.66
Borrowings	Amount	107.72	93.71	1384.3	994.89	206.96
	Increase/Decrease	0	14.01	1290.6	389.42	787.93
Working Capital	Amount	6828.7	5523.2	7648.5	7570.3	8376.2
	Increase/Decrease	0	1305.5	2125.3	78.19	805.87
Loans and Advances	Amount	2056.2	2706.9	3076.7	4281.2	2435.2
	Increase/Decrease	0	650.71	369.85	1204.5	1846
Investments	Amount	4284.2	2225.5	4161.7	2838.3	5574.2
	Increase/Decrease	0	2058.8	1936.2	1323.4	2735.9

Increase or Decrease of Source of Funds





### Interpretation:

From the above table we can see that the amount raised from share capital is only ₹ 22.68crore in the year 2011 but the following year there is a hike of ₹ 150crore .But in the year 2014 only ₹ 3crore increase in the amount of share capital. Simultaneously there is increasing trend in the following years.In the year 2011, reserves created by the firm were only ₹ 288.68 crores. But in 2012 and 2013 reserve increased continuously. But in the year 2014 reserve kept by the firm decreased slightly comparing these five years, 2015 shows the minimum reserves. While the deposits collected by the firm in the year 2011 are ₹ 6154.50 crores and in the year 2012 it decreased by ₹ 4851.32 crores. In the year 2013 deposits by the firm is ₹ 5517.8 crores but in the year 2014 it is increased to ₹ 5584.48 crores. Comparing these five years 2015 has the highest deposit and it is ₹ 6933.98 crores.

The amount raised from saving bank deposit is only ₹ 85.98crore in the year 2011 but the following year there is a hike of ₹ 4.35crore. Similarly there is increase in saving bank deposit ₹ 9.81crore. But in the year 2014 the amount increased only ₹ 1.71crore. Simultaneously there is increasing trend in the following years.As per the above table and graph it is found that current deposit showing a steady increase during the year 2011 to 2015. Amount raised from borrowings is ₹ 107.72crore in 2011. But the following year decrease of ₹ 14.01crore. Borrowing has become the maximum in the year 2013. But for all the other years it is showing a declining trend.

It can be seen that the amount raised from share capital is only ₹ 6828.69crore in the year 2011. But the following year there is a decrease of ₹ 1305.47crore .Similarly there is increase in working capital ₹ 2125.25crore. But in the year 2014 the amount decreased ₹ 78.19crore. Simultaneously there is increasing trend in the following years. Amount raised from loans and advance's is ₹ 2056.15crore in the year 2011. But the following year there is a hike of ₹ 650.71crore. Similarly there is increase in loans and advances ₹ 3076.71crore .But in the year 2014 the amount increased only ₹ 1204.48crore. Simultaneously there is decreasing trend in the following. Source of funds from investment is ₹ 4284.23crore in the year 2011. But the following year there is decrease of ₹ 2058.77crore. Similarly there is increase in investment ₹ 1936.22crore. But in the year 2014 the amount decreased only ₹ 1323.42crore. Simultaneously there is increasing trend in the following years.

### Utiliastion of Funds

#### Loans to Individuals

During the year under report, the Bank sanctioned various types of loans directly to individuals through the branches such as Gold Loans, Samridhi Loans, Mortgage Loans, Vyapar Loans, Education Loans, Housing Loans etc. Facilities such as Clean Overdraft, Cash Credit Accommodation, Bills Discounting, advance against NSC etc. have also been sanctioned. An aggregate amount of ₹ 767.43 crore is outstanding under the above heads as on 31<sup>st</sup> March 2015 against that of ₹ 901.35 crore as on 31<sup>st</sup> March 2014.

#### i) Loan Schemes

##### a) Vyapar Loan

As a part of promoting business of small and tiny traders in the state, we have introduced the vyapar loans. Loans ranging from ₹ 10,000/- to a maximum of ₹ 2.00 lakhs is advanced to a permanent resident trader of Kerala. The maximum amount that can be is fixed at 20 percent of the annual sales turnover on hypothecation of the goods/stock. Loans are allowed to a group consisting of three traders on mutual guarantee basis. The loan has to be repaid in 36 equated monthly installments . The proportionate amount of installment is collected on daily basis on door steps of the traders by collection agents of the Bank. The balance outstanding as on 31.03.2015 under the head is ₹ 66.53 crore as against the balance of ₹ 73.39 crore as on 31-03-2014. Loans above ₹ 2,00,000/- and up to ₹ 10,00,000/- are also being issued under the scheme to traders on the security of landed property repayable in 120 equated monthly installments.

b) Mortgage Loan

Mortgage Loans up to the limit of ₹ 10.00 lakh are being issued to individuals on the security of landed property for any legitimate purpose on attractive terms and conditions. The total outstanding balance under the head as on 31-03-2015 is ₹ 279.64 crore as against the balance of ₹ 280.97 crore as on 31-03-2014.

c) Co-Bank Housing Loan

Housing Loans are allowed to persons having regular income for purchasing of ready built houses, construction of new houses and also for addition, extension and renovation of existing houses. Maximum amount of loan that can be sanctioned under the scheme is ₹ 20.00 lakhs on the security of the land and the house building. The balance outstanding in the account as on 31-03-2015 is ₹ 151.31 crore as against the balance of ₹ 150.22 crore as on 31-03-2014.

d) Samridhi Loan

Samridhi Loan upto the limit of ₹ 3.00 lakh is scheme to salaried and other individuals having regular income on personal security of Borrower and Co-obligates for any legitimate purposes on attractive terms and conditions. The total outstanding balance under the head as on 31-3-2015 is ₹ 71.10 crore as against that of ₹ 65.84 crore as on 31-03-2014.

e) Overdraft and Cash Credit Accommodation

Overdraft Accommodation of ₹ 2.00 lakh to individuals on personal security of Borrower and Co-obligates for any purpose and Cash Credit Accommodation of ₹ 25.00 lakhs to Contractors and Business firms on the security of collaterals for working capital requirements on attractive terms and conditions are being sanctioned through Branches. The total outstanding balances under these heads as on 31-3-2015 are ₹ 1.93 crore and ₹ 30.29 crore respectively as against those of ₹ 4.10 crore and ₹ 35.63 crore as on 31-03-2014.

f) Gold Loan

Gold Loan upto the limit of ₹ 10.00 lakh is being issued to individuals on the security of Gold ornaments and coin for any legitimate purposes on attractive terms and conditions. The total outstanding balance under the head as on 31-3-2015 is ₹ 18.68 crore as against the balance of ₹ 19.91 crore as on 31-03-2014.

g) Educational Loan

Considering it as a social obligation from the year 2004 onwards we extend education loans to the needy and middle/low income group students for meeting the expenses of their professional education. The outstanding balance in the account as on 31-03-2015 is ₹ 75.49 crore as against that of ₹ 77.97 crore as on 31.03.2014.

ii) Loans to DCBs

1) Short Term Loans for Financing Seasonal Agricultural Operations

The Bank sanctioned an aggregate Short Term Credit limit of ₹ 700.00 crore to 14 District Co-operative Bank for Seasonal Agricultural Operations for the year 2014-15 as against ₹ 1046.27 crore sanctioned during 2013-14. The outstanding under ST Agricultural advances as on 31.03.2015 was ₹ 700.00 Crore . The Bank-wise details are given in Annexure III

2) Schematic (MT&LT)/Non-Farm Sector Loans

The outstanding under the head as on 31.03.2015 was ₹ 22.73 crore as against ₹ 87.89 crore as on 31.03.2014. The District-wise position of loans outstanding under IRDP, Schematic Lending, Rural Housing and Self-Help Scheme as on 31.03.2015 is furnished in Annexure III.

a) Weavers Finance

The District Co-operative Banks were not allowed any credit limit under the head during the current year and there was no outstanding as on 31.03.2015. The Kerala State Handloom Weavers' Co-operative Society (HANTEX) was enjoying a credit limit of ₹ 20.40 crore during the year 2014-15 for procurement and marketing activities and trading in yarn. There were no transactions in the account during the year under report.

b) Coir Finance

The District Co-operative Banks were not allowed any credit limit under the head during the current year. The Kerala State Co-operative Coir Marketing Federation (COIRFED) was enjoying a credit limit of ₹ 23.00 crore for procurement and marketing activities during the year 2014-15. There were no transactions in the account during the year under report.

c) Short Term Non Agricultural Loans

During the year report the bank provided short-term loans for non-agricultural purposes to District Co-operative Banks for financing primary Agricultural Credit Societies and Employees' Co-operative Societies for lending to their members. The Bank sanctioned credit limits aggregating to ₹ 2647.50 crore during the year 2014-15 to the District Co-operative Banks for purpose. The outstanding under the head as on 31.03.2015 is ₹ 339 crore. The details are given in Annexure III.

d) Housing Finance

i) LT Housing Loans to DCBs

The Bank has sanctioned a limit of ₹ 150.00 crore to DCBs for their customers Housing needs and the balance outstanding in the accounts as on 31-03-2015 is ₹ 34.38 crore

ii) National Housing Bank

During the year under report, the bank has not disbursed any amount under the NHB Refinance Scheme. The outstanding under the head as on 31.03.2015 is ₹ 0.10 crore against that of ₹ 0.22 crore as on 31.03.2014.

iii) Thanal Housing Scheme

During the year no fresh limit was sanctioned under the schemes. The outstanding as on 31-03-2014 & 2015 was ₹ 8.00 crore.

iv) Rural Housing Scheme

Due to non-availability of refinance assistance from NABARD the Bank has not disturbed fresh limits under the Scheme during the year under report. A sum of ₹ 22.25 crore is outstanding under the scheme as on 31.03.2015 against that of ₹ 87.11 crore as on 31.03.2014.

v) EMS Housing Scheme

The Government of Kerala have during the year 2008 introduced a new Housing Scheme named ' EMS Housing Scheme' as a programme of the XI Five Year Plan. The Scheme envisaged complete solution to the housing needs of the poor sections by the end of the year 2011. The scheme is formulated for implementation through Local Self Government Bodies exclusively for providing dwelling to the homeless families and land/houses to the landless/homeless families living below poverty line. The total credit limit sanctioned for implementation of the scheme is ₹ 1320.00 crore. a sum of ₹ 194.13 crore is outstanding under this head as on 31.03.2015.

i) Industrial Finance

The District Co-operative Banks were not allowed any amount under the head during the year under report due to non-availability of refinance assistance from SIDBI. A sum of ₹ 149.85 Crore is outstanding under long term industrial finance as on 31.03.2015 against the outstanding of ₹ 153.62 Crore as on 31-03-2014.

ii) Short Term Gold Loan to DCBs

The Bank has sanctioned limit of ₹ 1400.00 crore to DCBs for their various business activities and the balance outstanding in the accounts as on 31-03-2015 is ₹ 35 crore.

#### **IV. Findings**

1. Share capital being apportion of companies equity obtained by trading stock to a shareholder for cash, it is considered as the life blood for the organization. Here share capital shows a trend of increase during the five consecutive years. This shows a positive trend of the bank.
2. Reserve fund being the money created for unforeseen losses is a needy factor of the organization .Here reserves shows a tendency to increase and then decrease but in 2015 the reserve tends to become maximum. There by the bank is able to meet any unforeseen contingencies.
3. Deposits ensure flow of funds into the organizations. In 2015 the bank has mobilized maximum deposits and so the bank can utilize these funds in an effective manner and thereby ensuring financial stability in the organization.
4. Borrowings by the bank is showing a declining trend and this is a positive trend of the bank ,as it can pay back borrowings over a fixed period of time
5. Working capital being the circulating capital of the organization is showing a trend of increase and decrease alternatively .The increase in working capital enables the organization to work smoothly and utilize their fund for the day today activities.
6. Loans granted against collateral securities tend to show an increase during the four years. This implies that the bank cannot lockup funds for a longer period.
7. Investment collected by the bank is showing an increase and decrease trend alternatively.
8. Current deposit shows an increasing trend.

#### **V. Suggestions**

1. KSCB can provide different kinds of term loans. Because bank receives more deposit in 2011-2015
2. Bank takes necessary step to maintain stability in investment
3. Bank should provide modern banking facilities to its members
4. Bank should use working capital more effectively because it shows a continuous increase.
5. It should implement loan schemes for women for self-employment.
6. The non-banking activities such as scanning centers can be opened to provide this facility at concessional rate.
7. The bank should take necessary steps to increase CASA deposits.
8. The bank should provide ATM facilities.

## **VI. Conclusion**

To conclude we hope that the Kerala state co-operative bank can definitely do a lot for increasing and improving the banking activities. In Kerala the co-operative sector developed in recent years so the KSCB is an apex institution to provide long term credit facilities through DCB's and control all credit societies functioning in Kerala. Though the bank has to undertake many schemes for the efficient employment of fund through non-banking activities also, it has yet to do a lot more for the coming days.

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