

**DETERMINANTS OF BANK STABILITY: FINANCIAL STATEMENT ANALYSIS
OF BANKS SPECIFIC FACTORS AFFECTING OF DCC BANKS-KARNATAKA****Mahesh Kumar M**

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ABSTRACT

This paper examines the determinants of financial performance of DCC Banks-Karnataka. In order to investigate the determinants of financial performance, 21 DCC Banks-Karnataka have been taken as sample. Data are collected from annual report of the Apex Bank. ANOVA F-Tests have been employed for the analysis of data. The result shows a positive relationship of Share Capital, Own Fund, Deposits, Borrowings, Loans & Advs Issued, Loans & Advs O/s, Investments, Working Capital, Profit & Loss, Recovery and NPA. It is evident from the findings that financial performance of DCC Banks-Karnataka is strongly affected by Share Capital, Own Fund, Deposits, Borrowings, Loans & Advance Issued, Loans & Advs O/s, Investments, Working Capital, Profit & Loss, Recovery and NPA and Assets quality.

KEYWORDS: Own Fund, DCCBs, Share Capital, Financial Analysis, Non-Performing Loans, etc.,

1. INTRODUCTION

A balance sheet provides vital information regarding a bank's financial position at any given point of time. The asset side includes loans forwarded to borrowers while the liabilities side, among other things, shows deposits made by customers. Banks not only support the economy by providing finance, but also assist in transactions carried out by an economic agent. Further, banks play a crucial role of transforming illiquid assets into liquid assets through demand deposits. With the development of this banking sector, the interest of stakeholders and parties with an interest in the banking sector will also develop to invest. Financial reports are very important for internal and external parties to determine the financial condition of banks. With financial position, parties with an interest in banking can assess the financial performance of banks, so that they are used as a basis for decision making.

From the above background, it is necessary to have factors that influence the assessment of banking financial performance.

These factors include the

- Capital Adequacy Ratio (CAR),
- Non-Performing Loans (NPL),

No. Name of the District Central Cooperative Banks in Karnataka State and Specific Factors Affecting of DCC Banks-Karnataka

Sl. No	No. Name of the District Central Cooperative Banks in Karnataka State	Specific Factors Affecting of DCC Banks-Karnataka
1	Bengaluru	Share Capital
2	Vijayapura	Own Fund
3	Bellary	Deposits
4	Bidar	Borrowings
5	Belagavi	Loans & Advance Issued
6	Bagalkot	Loans & Advance O/s
7	Chitradurga	Investments
8	Chikmagalur	Working capital
9	Davanagere	P & L
10	Kalaburgi	Recovery %
11	Hassan	NPA %
12	Kodagu	
13	Kolar	
14	KCC Dharwad	
15	Mandya	
16	Mysore	
17	North Kanara	
18	Raichur	
19	Shimoga	
20	South Canara	
21	Tumkur	

REVIEW OF LITERATRE:

Some of the studies relevant on the topic are here under reviewed to appraise the financial Position of DCCBs.

1. Mahesh Kumar M And Sushil Beliya, Gradiva Review (2020) the main aim of this research paper is to analysis the financial performance as well as compares the financial performance between 21 DCC Banks in Karnataka for the period of 2017-18 to 2019-20 for 3 years. This information used to measure the financial position of the bank. This information used to measure the position of the banks.

2. Mahesh Kumar M And Sushil Beliya, Mukht Shabd (2022) Financial Performance of Farmers' Service Societies and Primary Agricultural Credit Society (PACS): Comparative study concluded that, all the inefficiency levels in Karnataka State are in the same order as the averages in all Karnataka State levels, as well as, all the PACS are more efficient in functional and financial performance in comparison to other performance and with the advancement of years the PACS under study are improving their performance. Analysis reveals that Karnataka State comparative picture for the entire financial performance for the PACS operating in Karnataka State shows a sharp improvement.
3. Mahesh Kumar M, Cooperative Movements in Karnataka: Society Structure and Growth (2019) study the cooperatives movements in Karnataka, the structure of cooperative society in Karnataka and the growth of the cooperative's society in Karnataka and Co-operative institutions have played a vital role in the socio-economic development of the country, particularly in the rural areas and in agriculture and allied sectors. It is our firm belief and conviction that the Co-operative Institutions will continue to play a key role in the economic development of the country and will become more relevant in the changing economic environment of liberalization of globalization.
4. Mahesh Kumar M, GIS SCIENCE (2020) analysis of the financial performance of district central co-operative banks in Karnataka state-a comparative study, Analysis of the Financial Performance of District Central Co-Operative Banks in Karnataka State-A Comparative Study it is found that the District Central Co-Operative Banks in Karnataka State are facing many problems of high cost of business operations and management, low capital base, inadequate loan appraisal and credit planning, poor recovery performance, dual control, mounting overdue, high level of Non-Performing Assets, political influence, lack of professional skills and management skills and relatively low level of customer satisfaction, etc. Some of the new challenges are external; for example, the phenomenal growth in volume of financial institution. These are big hurdle in the development of the District Central Co-Operative Banks in Karnataka State.
5. Mahesh Kumar M And Sushil Beliya, Mukht, (2022) progress of district central cooperative banks (DCCBS) Karnataka-India. The banks should adopt the modern technologies methods of banking like internet banking, credit cards, ATM, etc. Skewness value is greater than +1.0. The following are major findings of performance of DCC Banks, Karnataka State these are target has not been reached for every year there is a wide gap between target and achievement due to same problem, it may be financial management, Recovery Loan, Generation of Funds, Collection and Advances, Working Capital, etc

OBJECTIVES OF THE STUDY:

- To know the Specific Factors Affecting of DCC Banks-Karnataka like Share capital, Owned Funds, Deposits, Borrowings, Total Loan Outstanding, Total Investments, Working Funds of 21 DCC Banks in Karnataka.
- To examine the financial position of District Central Co-Operative Banks in Karnataka.

Data Collection:

The present study aims to examine the growth and position of DCCB in Karnataka State. The analysis is mainly based on secondary sources of the data. The secondary data collected from journals, and internet website specially www.nafscob.com, <https://www.karnatakaapex.com/new/index.php/en/> etc.

NEED FOR THE STUDY:

Need for the study to the find actual financial stability of the District Central Co-Operative Banks in Karnataka State and assure investors about the financial position of the District Central Co-Operative Banks. Distinctive feature of the District Central Co-Operative Banks as compared to other banks have motivated the researcher to undertake research on the financial position of the District Central Co-Operative Banks in Karnataka State.

DATA ANALYSIS AND INTERPRETATION

Research Hypothesis: There is no significance difference in the financial performance of Different 21 DCC banks within sector
DCC Banks in Karnataka

H0 = There is no significance difference in the financial performance of different DCC Banks in Karnataka. ($\mu_1 = \mu_2 = \mu_3 \dots = \mu_5$)

H1 = There is significance difference in the financial performance of different DCC Banks in Karnataka. ($\mu_1 \neq \mu_2 \neq \mu_3 \dots \neq \mu_5$)

ANOVA: Single Factor						
SUMMARY of DCC Banks-Karnataka						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Share Capital	21	144543.26	6883.012381	17609726.76		
Own Fund	21	243012.99	11572.04714	57263795.42		
Deposits	21	2489580.87	118551.47	98596854.98		
Borrowing s	21	898467.84	42784.18286	88759087.7		
Loans & Adv s Issued	21	2108169.34	100389.0162	73177068.82		
Loans & Adv s O/s	21	2460880.62	117184.7914	82772484.20		
Invest ments	21	896410.29	42686.20429	10710669.66		
Working capital	21	4506885	214613.5	39404189		



		.38	895	966		
P & L	21	12658.96	602.807619	618981.854		
Recry %	21	18.0902	0.861438095	0.012446247		
NPA %	21	1.3493	0.064252381	0.001871154		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	1.0232E+12	10	1.0232E+11	16.82565148	1.80241E-22	1.873922676
Within Groups	1.33786E+12	220	6081180101			
Total	2.36106E+12	230				

Interpretation:

F value (16.82565148) is higher than F critical value (1.873922676) indicate that there is significance difference in financial performance of different DCC Banks in Karnataka.

H0 = There is no significance difference in the financial performance of different DCC Banks

Specific Factors. ($\mu_1 = \mu_2 = \mu_3 \dots = \mu_5$)

H1 = There is significance difference in the financial performance of different DCC Banks

Specific Factors. ($\mu_1 \neq \mu_2 \neq \mu_3 \dots \neq \mu_5$)

ANOVA: Single Factor					
SUMMARY of Specific Factors Affecting of DCC Banks-Karnataka					
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>	
Bengaluru	11	323790.8234	29435.5294	1088926758	
Vijayapura	11	996708.3255	90609.8477	10443519685	
Bellary	11	473357.0503	43032.45912	2167743922	
Bidar	11	1036187.082	94198.82559	10716426928	
Belagavi	11	1672225.005	152020.455	28553596184	
Bagalkot	11	1095122.991	99556.63558	13048743331	

Chitradurga	11	179373.89 23	16306.717 48	291991349 .6
Chikmagalur	11	358862.01 66	32623.819 69	129446200 5
Davanagere	11	191093.73 16	17372.157 42	371113646 .2
Kalaburgi	11	190671.36 06	17333.760 05	393058289 .9
Hassan	11	534785.92 48	48616.902 25	316495216 9
Kodagu	11	454609.99 02	41328.180 93	199733997 1
Kolar	11	1072440.7 24	97494.611 28	623495963 78
KCC Dharwad	11	254229.75 98	23111.796 35	632626365 .4
Mandya	11	582024.24 87	52911.295 34	357044836 1
Mysore	11	324524.76 13	29502.251 03	962776843 .9
North Kanara	11	951211.00 77	86473.727 97	954213861 5
Raichur	11	303915.56 34	27628.687 58	921719249 .1
Shimoga	11	407239.67 76	37021.788 87	171557563 2
South Canara	11	1882488.4 72	171135.31 56	378408657 21
Tumkur	11	475766.58 23	43251.507 48	237267814 4

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	4.26655E+11	20	21332739835	2.315895589	0.0016997	1.620786
Within Groups	1.9344E+12	210	9211442836			
Total	2.36106E+12	230				

Interpretation:

F value (16.82565148) is higher than F critical value (1.873922676) indicate that there is significance difference in financial performance of different DCC Banks in **Stability Factors**.

Descriptive Statistics

Descriptive Statistics	Share Capital	Own Fund	Deposits	Borrowings	Loans & Advances Issued	Loans & Advances O/s	Investments	Working capital	P & L	Recovery %	NP A %
Mean	6883 .012 381	115 72.0 471	118 551. 47	4278 4.18 3	1003 89.0 16	1171 84.7 914	4268 6.20 429	2146 13.58 95	602. 807 619	0.86 143 81	0.06 425 24
Standard Error	915. 7283 533	165 1.31 687	216 68.1 53	6501 .248 5	1866 7.14 31	1985 3.32 936	7141 .651 689	4331 7.317 53	171. 683 798	0.02 434 5	0.00 943 94
Median	5285 .15	862 8	818 15.1 9	3246 5.6	6683 0.13	7614 3.52	3291 1.53	1385 59.53	367	0.92 23	0.05 86
Standard Deviation	4196 .394 495	756 7.28 455	992 95.9 49	2979 2.46 3	8554 3.59 64	9097 9.38 459	3272 7.15 945	1985 04.88 65	786. 753 998	0.11 156 28	0.04 325 68
Sample Variance	1760 9726 .76	572 637 95.4	9.86 E+0 9	8875 9087 7	7317 7068 82	8277 2484 20	1071 0669 66	3940 4189 966	618 981. 854	0.01 244 62	0.00 187 12
Kurtosis	0.92 6781 94	0.75 777 829	1.82 214 99	1.30 5191 6	1.73 3421 39	1.77 0110 377	1.00 4326 853	4.289 5265 56	4.41 539 905	0.96 530 3	9.95 146 45
Skewness	1.22 3741 722	1.24 482 442	1.47 120 25	1.44 9371	1.55 4494 4	1.53 9794 723	1.22 1036 765	1.996 2645 35	2.08 467 663	0.81 129 9	2.73 832 92
Range	1566 7.11	252 79.9 4	370 330. 42	1035 52.1 5	2971 72.2 8	3350 93.1 5	1164 31.5 4	7938 14.53	303 6.41	0.31 11	0.20 25
Minimum	2187 .6	373 5.12	183 26.9 8	1465 2	2133 7.72	3513 9.13	7521 .46	5278 6.48	0	0.65 93	0.02 36

	1785	290	388	1182		3702					
Maximum	4.71	15.0	657.	04.1	3185	32.2	1239	8466	303	0.97	0.22
		6	4	5	10	8	53	01.01	6.41	04	61
	1445	243	248	8984	2108	2460	8964	4506	126		
Sum	43.2	012.	958	67.8	169.	880.	10.2	885.3	58.9	18.0	1.34
	6	99	0.9	4	34	62	9	8	6	902	93
Count	21	21	21	21	21	21	21	21	21	21	21
	1785	290	388	1182		3702					
Largest (1)	4.71	15.0	657.	04.1	3185	32.2	1239	8466	303	0.97	0.22
		6	4	5	10	8	53	01.01	6.41	04	61
	2187		183								
Smallest (1)	.6	373	26.9	1465	2133	3513	7521	5278		0.65	0.02
		5.12	8	2	7.72	9.13	.46	6.48	0	93	36
Confidence Level (95.0%)	1910	344	451	1356	3893	4141	1489	9035	358.	0.05	0.01
	.175	4.58	98.9	1.36	8.97	3.31	7.22	8.341	126	078	969
	873	663	74	7	82	935	438	01	126	28	03

RESULTS AND DISCUSSION

Sl. No	Parameters	F Crit	F Cal.	Decision
1	District Central Cooperative Banks in Karnataka State	1.873922676	16.82565148	Reject
2	Determinants of Bank Stability Factors	1.620786	2.315895589	Reject

SUGGESTIONS AND CONCLUSION

On the basis of analysis from the present research study on determinants of bank stability: financial statement analysis of banks specific factors affecting of dcc banks-Karnataka Study it is found that the District Central Co-Operative Banks in Karnataka State financial position of DCC Banks-Karnataka is strongly affected by Share Capital, Own Fund, Deposits, Borrowings, Loans & Advance Issued, Loans & Adv's O/s, Investments, Working Capital, Profit & Loss, Recovery and NPA. Some of the new challenges are external; for example, the phenomenal growth in volume of financial institution. These are big CoOperative Banks in Karnataka State. The banks should plan to introduce new schemes for attracting new customers and satisfying the present ones. The banks should plan for expansion of branches. The banks should improve the customer services of the bank to a better extent.

Therefore, to increase the efficiency of the DCC Banks and to serve the rural agricultural people in a better perspective the DCC Banks should be strong and measures efficient to face the challenges in competitive environment and it needs to take necessary actions.

The main aim of this research paper is to analysed the financial position as well as compares the financial performance between 21 DCC Banks in Karnataka. This information used to measure the financial position of the bank.

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