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A study on Assets and Liabilities Management in Dindigul District Central Cooperative Bank of Natham branch

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Abstract

The Commercial banking sector plays an important role in mobilization of deposits and disbursement of credit to various sectors of the economy. In a fairly deregulated environment, banks are now required to determine on their own, the interest rates on deposits and advances in both domestic and foreign currencies on a dynamic basis. Intense competition for business involving both the assets and liabilities, together with increasing volatility in the domestic interest rates as well as foreign exchange rates, has brought pressure on management of Cooperative banks to maintain a good balance among profitability and long-term viability. This research exercises present the Assets and Liabilities Management in Central Cooperative Bank of Natham Branch.

Keywords: Asset and Liabilities Management, Cooperative banks, Ratio analysis, Risk management and Liquidity Management.

Introduction

The Asset and Liabilities Management (ALM) is defined as "managing both assets and liabilities simultaneously for the purpose of minimizing the adverse impact of interest rate movement, providing liquidity and enhancing the market value of equity. It is also defined as "planning procedure which accounts for all assets and liabilities of a bank by rate, amount and maturity."

Assets and Liability Management is a dynamic process of planning, organizing, coordinating and controlling the assets and liabilities (Charumathi, 2008). It also elaborates the categories of risks manage by a bank. The various risks that the banks are exposed to are – credit risk, interest rate risk, foreign exchange risk, equity/commodity price risk, liquidity risk and operational risks and thus, the Cooperative banks need to introduce effective risk management systems that address the underlying issues. ALM, is mainly concerned with risk management and offers a complete and vibrant framework for calculating, and monitoring the risks associated. In the process, it assesses the types of risks faced by banks due to mismatch between the asset and liability. The first step of market risk management is to measure the liquidity and the interest rate risk. ALM policies are intended to keep those risks at an acceptable level given the expectations of future market/interest rates.

Purpose and Objective of ALM

ALM is the process of decision- making to control risks of existence, stability and growth of a system through dynamic balances of its assets and liabilities. ALM process rests in three pillars they are (i) ALM information systems, (ii) Management Information systems and (iii) Information availability, accuracy, adequacy and expediency. ALM involves identification of Risk partners, Risk identification, Risk measurement and Risk Management and framing of Risk policies and tolerance levels (Madhu Sudana Rao) . Cooperative banks-India plays a vital role of funding agriculture and rural industries, but in the recent year's cooperative banks losing their significant due to their small level of operation, poor management, and low profitability and increasing Non Performing Asset (NPA). So this study is undertaken with a view to trace the borrowing and lending behaviors of cooperative banks and offer solution to their problems.

Objectives of the study

- ✓ To know financial position of Natham District Central Cooperative Bank;
- ✓ To analyze existing situation of Natham District Central Cooperative Bank;
- ✓ To analyze the borrowing and lending practices of Natham District Central Cooperative bank; and
- ✓ To suggest the effective measures based on the study.

Methodology

The study is analytical in nature concerning the financial performance of DCCB in Natham. It is based on secondary sources. The data used for the study collected and collated from the balance sheet of DCCB, Natham. The information used for the study pertains to the period of 2011 to 2015. The balance sheet of DCCB is analysed in terms of various ratio (Current Ratio, Net Profit to Net Worth Ratio, Net Profit to Share Capital Ratio, Proprietary Ratio, Cash to Current Assets Ratio, Cash to Current Liabilities ratio and Current to Shareholder's funds ratio), comparative balance sheet and correlation.

Tools for Analysis

- Ratio analysis
- Comparative statement
- Correlation

Analysis and Discussion

The Assets and Liabilities Management (ALM) is an effective tool of assessing the risk associated with business. The real challenge faced by the Banking Sector is Interest rate risk, Credit risk and liquidity risk. The process of decision – making by the management pertaining to the liquidity and interest rate situation rests on the ALM position of the bank. Hence, the practice of effecting ALM in banks ensures that all these risks are accounted for and also duly provide for. The main reasons for growing significance of ALM are volatility, product innovations, regulatory environment and enhanced awareness of top management.

Current Ratio

The current ratio is a financial ratio that measures a companies' ability of paying short and long term debt. It considers the current total assets of a company relative to that company's current total liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Table 1 : Current Ratio

Year	Current Assets (In Rs.Lakh)	Current Liabilities (In Rs.Lakh)	Ratio
2010 – 11	4,34,338	14,33,765	0.30:1
2011 – 12	4,17,213	14,88,608	0.28:1
2012 – 13	5,20,416	19,38,921	0.27:1
2013 – 14	90,426	19,09,924	0.04:1
2014 – 15	6,14,057	24,69,294	0.25:1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

It is noted from the above table 1 that current ratio is less than one from 2010 – 2011 to 2014 – 2015. It is also found that the ratio shows a declining trend till 2013 – 2014 and slightly increased in 2014 – 2015 to 0.25.

Net profit to net worth ratio

This ratio measures the profit return on investment. It indicates the return that shareholders could receive on their investment.

$$\text{Net Profit to Net worth Ratio} = \frac{\text{Net profit}}{\text{Net Worth}}$$

Table 2 : Net profit to Net worth ratio

Year	Net profit (In Rs.Lakh)	Net worth (In Rs.Lakh)	Ratio
2010 – 11	-34,113	76,974	-0.44 :1
2011 – 12	61,573	2,36,802	O26 :1
2012 – 13	88,825	2,08,252	0.43 :1
2013 – 14	1,24,765	2,23,730	0.56 :1
2014 – 15	1,81,959	2,85,488	0.64 :1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

The table 2 shows that the Net profit to Net worth ratio was high (0.64) during 2014-2015 and it was negative (-0.44) in 2010-2011. It is conclued that share holder's funds are greater than net profit. However, the ratio shows increasing in net profit to meet out the net worth.

Return on Equity Ratio/ Net profit to share capital ratio

The return on equity ratio (ROE) is a profitability ratio that measures the ability of the firm to generate profits from its shareholders investment in the company. In other words return on equity ratio shows how much profit each rupee of common shareholders equity generates. Ratio of current assets to shareholders funds is the relationship between all current assets and shareholder's funds.

$$\text{Return on Equity Ratio (ROE)} = \frac{\text{Net profit}}{\text{Share capital}}$$

Table 3: Net Profit to Share Capital Ratio/Return on Equity

Year	Net Profit (In Rs. Lakh)	Share Capital (In Rs. Lakh)	Ratio
2010 – 11	-34,113	76,974	-0.44 :1
2011 – 12	61,573	1,75,224	0.35 :1
2012 – 13	88,825	11,19,422	0.74 :1
2013 – 14	1,24,765	98,965	1.26 :1
2014 – 15	1,81,959	1,03,529	1.76 :1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

It is evident from the table 3 that the net profit to share capital ratio showing increasing trend. In the year of 2011 it was -0.44, followed by 0.35 in 2012, 0.74 in 2013, 1.26 in 2014 and 1.76 2015. One can conclude that increase in return on equity proven the wealthy function of DCC bank.

Proprietary Ratio

The proprietary ratio is the inverse of debt ratio. It is a part to whole comparison. The proprietary ratio measures the amount of funds that investors have contributed towards the capital of a firm in relation to the total capital that is required by the firm to conduct operations.

$$\text{Proprietary Ratio} = \frac{\text{Proprietary fund}}{\text{Total Assets}}$$

Table 4: Proprietary Ratio

YEAR	Proprietors fund (In Rs. Lakh)	Total Asset (In Rs. Lakh)	RATIO
2010 – 11	76,974	15,27,321	0.05 :1
2011 – 12	2,36,802	1,72,541	0.14 :1
2012 – 13	2,08,252	21,47,176	0.10 :1
2013 – 14	2,23,730	21,33,654	0.01 :1
2014 - 15	2,85,488	27,54,782	0.10 :1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

Table 4 shows fluctuating trend in proprietary ratio from 2010 – 11 to 2014 – 15, it was 0.05, 0.14, 0.10, 0.01 and 0.10 respectively. The ratio was not smooth during the study period. It may be concluded that the study of the DCC bank is associated with lower proprietary ratio.

Cash to Current Asset Ratio

The Cash to Current Assets ratio measures a company’s liquidity, by its Cash, Cash Equivalents and Marketable Securities.

Increasing Cash to Current Assets ratio is generally a positive sign. It shows the portion of liquid assets dominants in total current assets. It also indicates the bank able to convert its non-liquid assets (inventory) into cash.

$$\text{Cash to Current assets Ratio} = \frac{\text{Cash \& Bank Balance}}{\text{Current Asset}}$$

Table 5:Cash to Current Asset Ratio

Year	Cash & Bank Balance (In Rs. Lakh)	Current Asset (In Rs. Lakh)	Ratio
2010 – 11	87,620	4,34,338	0.20 :1
2011 – 12	38,821	4,17,213	0.09 :1
2012 – 13	69,524	5,20,416	0.13 :1
2013 – 14	89,870	90,426	0.99 :1
2014 - 15	1,54,756	6,14,057	0.25 :1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

Above table 5 explains the ratio of cash to current asset are fluctuating from 2011- 2015. The ratio of cash and bank balance to current asset are very low in 2011-12 and it registered higher ratio in the year 2013-14. It may conclude that contribution of cash on the current asset is less.

Cash to Current Liabilities Ratio

The Cash to Current Assets ratio measures a company's liquidity, basing how liquid a company is by its Cash and Cash Equivalents and Marketable Securities alone. High or increasing Cash to Current Assets ratio is generally a positive sign, showing the company's most liquid assets represent a larger portion of its Total Current Assets. It also indicates the company may be better able to convert its non-liquid assets, such as inventory, into cash.

$$\text{Cash to Current Liabilities Ratio} = \frac{\text{Cash \& Bank Balance}}{\text{Current Liabilities}}$$

Table 6:Cash to Current Liabilities Ratio

Year	Cash & Bank Balance (In Rs. Lakh)	Current Liabilities (In Rs. Lakh)	Ratio
2010 – 11	87,620	14,33,765	0.06 :1
2011 – 12	38,821	14,88,608	0.03 :1
2012 – 13	69,524	19,38,921	0.04 :1
2013 – 14	89,870	19,09,924	0.05 :1
2014 - 15	1,54,756	24,69,294	0.06 :1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

Above table 6 explains the ratio of cash to current asset are fluctuating from 2011- 2015. The ratio of cash and bank balance to current liabilities are very low in 2011-12 and it registered higher ratio in the year 2013-14. It may conclude that contribution of cash on the current liabilities is less In resulted the bank should be increased in cash and bank balance for reason is healthy liquidity position.

Current Asset to Share Holders Fund Ratio

This ratio indicates the relationship between Current assets to Share holder fund in this regard net worth of the company to meet out the current assets in repaying capacity and working capital in the company.

$$\text{Current asset to Share holder fund Ratio} = \frac{\text{Current Assets}}{\text{Shareholders fund}}$$

Table 7 : Current Asset to Share Holders Fund Ratio

Year	Current Asset (In Rs. Lakh)	Share Holders (In Rs. Lakh)	Ratio
2010 – 11	4,34,338	76,974	5.6 :1
2011 – 12	4,17,213	2,36,802	1.76 :1
2012 – 13	5,20,416	2,08,252	2.50 :1
2013 – 14	90,426	2,23,730	0.40 :1
2014 - 15	6,14,057	2,85,488	2.15 :1

Source: Annual Report of Dindigul DCC Bank in Natham Branch

Table 7 shows that highly fluctuating trend in Current to Share Holder fund Ratio in the year of 2011 in 5.6 and the year of 2012 is decreased in 5.6 to 1.76 and after years 2013 to 2014 the ratio decreased in 2.50 to 0.40 and the year of 2015 in 2.15.It may be conclude that the bank financed its current assets through the current liabilities so the short term liquidity position will be affected the bank should step taken on the increasing current assets to equity in a future.

Comparative Statement

Comparative analysis of financial statements, includes balance sheets, allows management and investors to assess a company's performance over time and against its industry peers by comparing the performance of the individual components of balance sheet, assets, liabilities and shareholders' equity. Management can identify operational areas that require improvements and investors can make informed buy-sell decisions.

Horizontal Analysis

Horizontal analysis is the side-by-side comparison of financial statement data. For comparing balance sheets of the same company or of different companies in the same industry, this means tabulating the asset, liability and shareholders' equity information of multiple periods in adjacent columns. Public companies typically provide tables showing their financial performance over several quarters, in the case of quarterly filings, and over at least two years, in the case of annual filings. Data from successive periods can allow stakeholders, such as management and investors, to assess short- and medium-term performance, while the financial results from periods spanning several years provide insight into medium- and long-term performance. For example, if a company's total debt is shrinking over time, it means that the company is reducing its interest expenses and potentially driving margins higher. On the other hand, if a company's cash balance is shrinking or short-term borrowings are increasing, it could indicate slowing sales and higher operating expenses, which usually reduce profit margins.

Comparative Balance sheet as on 31st March 2011-2012

- ✓ Total Assets increased by Rs.198 lakh at the percentage of 12.97 for the period.
- ✓ Total Current Assets decreased by Rs.171 lakh at the percentage of four for the period.
- ✓ Loans and advances increased by Rs.218 lakh at the percentage of 22 for the period.
- ✓ In the year of 2011 the bank occurred loss of Rs.34 lakh but in the year 2012 the bank occurred the profit because interest received from the borrower increased by Rs. 94 lakh to Rs.155 lakh
- ✓ Current Liabilities increased by Rs.86.2 lakh at the percentage of 7.95 for the period.
- ✓ Other Liabilities decreased by Rs.31.41 lakh at the percentage of 9.02 for the period.
- ✓ Total current Liabilities increased by Rs.5.4 lakh at the percentage of 3.83 for the period.
- ✓ Share Capital increased by Rs.0.955 lakh at the percentage of 21.66 for the period.
- ✓ In the year 2012 the profit was Rs.61.57 lakh.
- ✓ Reserve is increased by Rs.88.69 lakh at the percentage of 269.86 for the period.
- ✓ Total Liabilities increased by Rs.198.08 lakh at the percentage of 12.97 for the period

Comparative Balance sheet as on 31st March 2012-2013

- ✓ Total Assets increased by Rs.42.17 lakh at the percentage of 24.44 for the period.
- ✓ Total Current Assets increased by Rs.10.32 lakh at the percentage of 24.74 for the period.
- ✓ Loans and advances increased by Rs.33.53 lakh at the percentage of 27.67 for the period.
- ✓ Current Liabilities increased by Rs.11.49 lakh at the percentage of 9.82 for the period.
- ✓ Other Liabilities decreased by Rs.33.53 lakh at the percentage of 105.8 for the period.
- ✓ Total current Liabilities increased by Rs.45.03 lakh at the percentage of 30.25 for the period.
- ✓ Share Capital increased by Rs.2.52 lakh at the percentage of 4.7 for the period.

- ✓ In the year of 2013 the profit of Rs.88.82 lakh.
- ✓ The profit increased by Rs. 27.24 lakh at the percentage of 44.24 for the period.
- ✓ Reserve is decreased by Rs.58.32 lakh at the percentage of 47.98 for the period.
- ✓ Total Liabilities increased by Rs.42.17 lakh at the percentage of 24.44 for the period.

Comparative Balance sheet as on 31st March 2013-2014

- ✓ Total Assets decreased by Rs.13.52 lakh at the percentage of 0.63 for the period.
- ✓ Total Current Assets decreased by Rs.42.99 lakh at the percentage of 82.62 for the period.
- ✓ Loans and advances increased by Rs.49.34 lakh at the percentage of 31.89 for the period.
- ✓ Current Liabilities increased by Rs.26.71 lakh at the percentage of 20.77 for the period.
- ✓ Other Liabilities decreased by Rs. 29.61 lakh at the percentage of 45.40 for the period.
- ✓ Total current Liabilities decreased by Rs.28.99 lakh at the percentage of 1.5 for the period.
- ✓ Share Capital increased by Rs.2.47 lakh at the percentage of 4.41 for the period.
- ✓ In the year of 2014 the profit of Rs.124 lakh.
- ✓ The profit increased by Rs.35.94 lakh at the percentage of 40.46 for the period.
- ✓ Reserve is decreased by Rs.22.93 lakh at the percentage of 36.27 for the period.
- ✓ Total Liabilities decreased by Rs.13.52 lakh at the percentage of 0.63 for the period.

Comparative Balance sheet as on 31st March 2014-2015

- ✓ Total Assets increased by Rs.62.11 lakh at the percentage of 29.11 for the period.
- ✓ Total Current Assets decreased by Rs.52.36 lakh at the percentage of 579.07 for the period.
- ✓ Loans and advances increased by Rs.42.99 lakh at the percentage of 2.11 for the period.
- ✓ Current Liabilities increased by Rs.16.79 lakh at the percentage of 10.81 for the period.
- ✓ Other Liabilities decreased by Rs.39.14 lakh at the percentage of 109.90 for the period.
- ✓ Total current Liabilities increased by Rs.55.93 lakh at the percentage of 29.11 for the period.
- ✓ Share Capital increased by Rs.4.56 lakh at the percentage of 7.78 for the period.
- ✓ In the year of 2015 the Profit of Rs.181 lakh

- ✓ Reserve is maintained the same for both periods.
- ✓ Total Liabilities increased by Rs.62.11 lakh at the percentage of 29.11 for the period

Table 8: Analysis of Comparative Balance sheet as on 31st March 2011-2015

Particulars	2011-2012 (%)	2012-2013 (%)	2013-2014 (%)	2014-2015 (%)
Assets:				
Current Assets				
Cash in hand	(59.7)	67.51	41.67	(18.40)
Cash in bank	5778.33	194.9	(41.19)	1312.6
Bills Receivables	-	-	-	
Special Advances	-	-		
Other Current Assets	8.63	19.64	(99.88)	82508.45
Total Current Assets	**(4.00)**	**24.74**	**(82.62)**	**579.07**
Loans & Advances	22.00	27.67	31.89	2.11
Interest Receivables	47.65	(17.40)	(96.62)	2026.17
Loss Account	-			
Total Assets	**12.97**	**24.44**	**(0.63)**	**29.11**
Liabilities & Capital:				
Liabilities:				
Current liabilities	7.95	9.81	20.77	10.81
Other Liabilities	(9.02)	105.8	(45.40)	109.90
Total Current Liabilities	**3.83**	**30.25**	**(1.5)**	**29.29**
Share Capital & Reserves:				
Share Capital	21.66	4.7	4.41	7.78
Profit and Loss A/C	-	44.24	40.46	45.84
Reserves	269.86	(47.98)	(36.27)	-
Total Share capital & Reserves	**207.64**	**(12.06)**	**7.43**	**27.60**
Total Liabilities & Capital	**12.97**	**24.44**	**(0.63)**	**29.11**

Source: Annual Report of Dindigul DCC Bank in Natham Branch

Table 8 shows that,

- ✓ During these periods the current asset components (cash in hand, cash in bank and other current assets) are widely fluctuating
- ✓ Total asset increased every year except 2013;
- ✓ Current liability is shows stable improvement in every year exclude 2015;
- ✓ The total current liability has increased nearly 30 percent in 2015 which shows the deposits are increased; the share capital is increasing in every year and presently it is 7.78 per cent;
- ✓ The DCCB registered continuous profit except 2011; and
- ✓ The DCCB shows decreasing trend in reserves.

Correlation

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases.

Types of Correlation

Positive Correlation

Positive correlation occurs when an increase in one variable increases the value in another.

Negative Correlation

Negative correlation occurs when an increase in one variable decreases the value of another.

No Correlation

No correlation occurs when there is no linear dependency between the variables.

Perfect Correlation

Perfect correlation occurs when there is a functional dependency between the variables.

Strong Correlation

A correlation is stronger the closer the points are located to one another on the line.

Weak Correlation

A correlation is weaker the farther apart the points are located to one another on the line.

Formula

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2)(\sum x)^2}\ \sqrt{n(\sum y^2)(\sum y)^2}}$$

Where,

x and **y** are the variables.

N = Number of values or elements

X = First Score

Y = Second Score

∑XY = Sum of the product of the first and Second Scores

∑X = Sum of First Scores

∑Y = Sum of Second Scores

∑X2 = Sum of square first scores.

∑Y2 = Sum of square second scores

Table 9 :Correlation between Net profit to Total Asset

Year	Net profit X (In Rs. lakh)	Total asset Y (In Rs. Lakh)	X^2	Y^2	xy
2011	-34113	1527321	11636977	233270943704	-5210150127
2012	61578	1725410	379185008	297703966810	10624729698
2013	88825	2147176	788988063	461036477498	19072290820
2014	124765	2133654	1556630523	455247939172	26620534131
2015	181959	2754782	331090779	758882386752	50125737794
Total	**423014**	**10288343**	**6152081030**	**2206141713936**	**101233142315**

Source: Annual Report of Dindigul DCC Bank in Natham Branch

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2)(\sum x)^2}\ \sqrt{n(\sum y^2)(\sum y)^2}}$$

r= 0.94

Correlation is used to assess the relationship between Net Profit to Total Assets. The results proved that it has positive Correlation, which means the changes (Positive or Negative) to total asset have a direct impact on Net Profit. A change in Net Profit ranges from Rs. 61.57 lakh to 181.95 lakh and it was Negative in the year 2011. (Rs. -34.11 lakh) as well the Total Assets also increases from Rs.152.73 lakh to Rs.275.47 lakh. One can conclude from the result that the Net profit and Total Assets have high positive Correlation.

Table 10 : Correlation between Net Worth to Total Asset

Year	Net Worth X (In Rs. lakh)	Total asset Y (In Rs. lakh)	X^2	Y^2	xy
2011	76974	1527321	592499668	233270943704	11756400660
2012	236802	1725410	5607518720	297703966810	40858053882
2013	208252	2147176	43366889551	461036477498	44715369635
2014	223730	2133654	5005511290	455247939172	47736240942
2015	285488	2754782	8150339814	758882386752	78645720362
Total	**1031246**	**10288343**	**62722759043**	**2206141713936**	**223711785491**

Source: Annual Report of Dindigul DCC Bank in Natham Branch

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2)(\sum x)^2}\ \sqrt{n(\sum y^2)(\sum y)^2}}$$

r= 0.41

Correlation is used to assess the relationship between Net Worth to Total Asset, The results proved that it has positive Correlation, which means the changes (Positive or Negative) in total asset have a direct impact on Net Worth. A change in Net Worth ranges from Rs. 76.97 lakh to 285.48 lakh and as well the Total Assets also increases from Rs.152.73 lakh to Rs.275.47 lakh. One can conclude from the result that the Net Worth and Total Assets have moderate positive Correlation.

Ratio

- ✓ The current liabilities are exceeding current assets in all the years the current ratio ranging from 0.04 to 0.30 during the study period (2011 to 2015).

- ✓ The net profit to net worth ratio of the bank presently growing the lowest (-0.44) in 2011 but in the year 2015 ratio is 0.64.
- ✓ Net profit to share holder fund ratio it is also growing condition of the bank in the lowest (-0.44) in 2011 but the well positioning the last year 2015 in 1.76.
- ✓ Proprietary ratio is highly fluctuation the during the study period 0.05 in the year 2011 , 0.14 in 2012, 0.10 in 2013, 0.01 in 2014, in last year 2015 the ratio 0.10.
- ✓ Cash to current asset ratio is also highly fluctuating the bank for during the study period 0.20 in the year 2011, 0.09 in 2012, 0.13 in 2013, 0.99 in 2014 and the last year 2015 the ratio is 0.25.
- ✓ Cash to current liability ratio in the first year 2011 in 0.06 and the next year (2012) the ratio is decline in 0.06 to 0.03 then after years continuously increases in 0.03 to 0.06.
- ✓ Current asset to shareholder funds ratio is highest in first year 2011 ratio is 5.6 and the second year 2012 decrease the ratio 5.6 to 1.76 then after years continuously increases in 1.76 to 2.15.

Comparative Statements

- ✓ In year 2011, Total Assets increased by Rs.198 lakh at the percentage of 12.97 for the period. Total Current Assets decreased by Rs.171 lakh at the percentage of four for the period. In year of 2011 loss of Rs.34 lakh but in the year 2012 the bank occurred the profit because interest received from the borrower increased by Rs. 94 lakh to Rs.155 lakh. Total current Liabilities increased by Rs.5.4 lakh at the percentage of 3.83 for the period. Share Capital increased by Rs.0.955 lakh at the percentage of 21.66 for the period.
- ✓ In year 2012 to 2013 Total Assets increased by Rs.42.17 lakh at the percentage of 24.44 for the period. Total Current Assets increased by Rs.10.32 lakh at the percentage of 24.74 for the period. Total current Liabilities increased by Rs.45.03 lakh at the percentage of 30.25 for the period. Share Capital increased by Rs.2.52 lakh at the percentage of 4.7 for the period. In the year of 2013 the profit of Rs.88.82 lakh
- ✓ In the year 2013 to 2014, Total Assets decreased by Rs.13.52 lakh at the percentage of 0.63 for the period. Total Current Assets decreased by Rs.42.99 lakh at the percentage of 82.62 for the period. Total current Liabilities decreased by Rs.28.99 lakh at the

percentage of 1.5 for the period. Share Capital increased by Rs.2.47 lakh at the percentage of 4.41 for the period. In the year of 2014 the profit of Rs.124 lakh

- ✓ In year 2014 to 2015, Total Assets increased by Rs.62.11 lakh at the percentage of 29.11 for the period. Total Current Assets decreased by Rs.52.36 lakh at the percentage of 579.07 for the period. Total current Liabilities increased by Rs.55.93 lakh at the percentage of 29.11 for the period. Share Capital increased by Rs.4.56 lakh at the percentage of 7.78 for the period. In the year of 2015 the profit of Rs.181 lakh

Correlation

- ✓ Correlation between net profit to total asset is positive r=0.94 it shows any changes (Positive or Negative) to total asset have a direct impact on Net Profit.
- ✓ Correlation between net worth to total asset is positive r= 0.41 it shows moderate positive Correlation.

Suggestions

- ✓ The DCCB should improve their bank assets for better performance;
- ✓ The liquidity position of DCCB seems to be very low to improve the liquidity position of the bank, the share on reserve and surplus should increases; and
- ✓ The DCCB can increase their Current assets from their profit and surplus rather loans and advances.

Conclusion

The study of assets and liabilities management in Dindigul District Central Co operative Bank in Natham branch shows that the overall financial position was improving in the last two years. But, the overall study reveals that the bank should tale necessary steps to improve its liquidity by increasing current assets. But on the other hand the net profit was increasing year by year. So the bank can invest a portion of its profit in current assets to improve its liquidity position and there by improve the operational flexibility in the future.

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