ANALYSIS OF FUNDS MANAGEMENT IN COOPERATIVE BANKS- A CASE STUDY OF SHRI VIJAY MAHANTESH CO-OPERATIVE BANK LTD., HUNAGUND

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Abstract

Co-operative banking is one of the important segments of Indian banking system. It plays an important role in the economic development of the country. It aims at providing cheap rural credit as compared to the village lenders who exploit the agriculturists by charging high rate of interest. The urban co- operative banking also from important constitute of co-operative banking movement in India. Resources are considered to be prime movers of any economic activity. Co-operative bank, like other economic unit entirely depends on availability of such resources for its successful functioning .Bank needs various sources of funds for its capacity to raise funds and the impact, it makes through mobilizing the funds. The two functions of a bank are mobilization of resources and developing of resources. So funds management is the core sound bank planning and financial management. It encompasses the management of the bank's liquidity position or management of assets and liabilities to provide adequate resources to meet anticipated fund demands. It also ensures management of the bank's assets and liabilities to the rate sensitivity of the bank's assets and liabilities to provide adequate net interest income. Although, it is not a new concept, practices, techniques and norms have been revised substantially in recent years. Funds management is the process of managing balance sheet and off-balance sheet instruments to

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maximize and maintain the spread between interests earned and paid while ensuring the bank's ability to pay off liabilities and fund asset growth.

Key words: Capital reserve, Liquid assets, Borrowings, Spread burden, Advances, Capital fund etc

Introduction

Co-operative banking is one of the important segments of Indian banking system. It plays an important role in the economic development of the country. It aims at providing cheap rural credit as compared to the village lenders who exploit the agriculturists by charging high rate of interest. The urban co- operative banking also from important constitute of co-operative banking movement in India. Resources are considered to be prime movers of any economic activity. Co-operative bank, like other economic unit entirely depends on availability of such resources for its successful functioning .Bank needs various sources of funds for its capacity to raise funds and the impact, it makes through mobilizing the funds. The two functions of a bank are mobilization of resources and developing of resources. So funds management is the core sound bank planning and financial management. It encompasses the management of the bank's liquidity position or management of assets and liabilities to provide adequate resources to meet anticipated fund demands. It also ensures management of the bank's assets and liabilities to the rate sensitivity of the bank's assets and liabilities to provide adequate net interest income. Although, it is not a new concept, practices, techniques and norms have been revised substantially in recent years. Funds management is the process of managing balance sheet and off-balance sheet instruments to maximize and maintain the spread between interests earned and paid while ensuring the bank's ability to pay off liabilities and fund asset growth.

Need for the study:

Financial sectors reforms initiated by the government of India enabled the entry of new private sectors banks and foreign banks. This exposed the Indian banking industry to a high competitive environment. The banking industry has to face, the challenges of new millennium. With rapid advancement through computers information technology and office automation, and the growing volume of cross- border trade in financial services exerted tremendous pressure on the effective management of funds in banks. Efficient management of funds essentially includes rising of funds and their use in the manner that generated revenues sufficient to meet the operational as financial costs and contributes a reasonable return on capital. The second basis for evaluating a funds management strategy is through a thorough understanding of the individual bank, its customer mix, nature of its assets and liabilities, and the economic and competitive environment. Thus, the objective of earning profits shall be fulfilled by an appropriate design of funds management with a focus on strict business motives, wise lending effective recovery, and a strong customer orientation.

Purpose of the study:

- To examine the trends and patterns of sources mix of funds.
- To analyze the trend and putting in the development mix.
- To identify the relationship between the sources of funds and uses of funds.
- To assess the profitability and productivity of funds.

Methodology:

Sources of data The study was based on both primary data and secondary data. The primary data has been collected from chief accountants in course of discussion. Secondary data has been collected from annual report of the bank for five financial years i.e., 2006-07 to 2010-11.By-laws of shri vijay mahantesh co-operative bank ltd., HUNAGUND. The proposed study was conducted at the shri vijay mahantesh co-operative bank ltd., HUNAGUND in Bagalkot district. The period of study ranges between 2006-07 to 2010-11.

Profile of SVMCB Ltd. Hungund

SHRI VIJAY MAHANTESH Co-operative bank was established as over the co-operation principle-"Each for all and all for". The bank was set up on 1961 under the provisions of the Karnataka co –operative societies act,1959.The started operation commenced its working drom

5-Nov-1961.Its board of directors consisting of 11 members Late Shri S S Kadapatti was the founder and the first chairman of the bank. It was established with a view to meet the credit needs of weavers, traders, business enterprises, and small scale industries salary earners, professional and self employed persons. Presently the bank has Rs. 22,077 lakhs membership, Rs.399.55 lakhs share capital, Rs.11,010.54 lakhs deposits, Rs.12,396.35 loans & advances. It was interesting to note that the numbers of deposits are more than the number of borrowers in SHRI VIJAY MAHANTESH Co-operative bank and they are interested in the prosperous growth of the bank. This is the first bank in Bijapur district which has introduced the identity card system to all its members and conducted the elections impartially .It has obtained its RBI license in the year 1986. Under No.UBD/KA/549P dated 10.09.1986. It is primary co-operative bank doing the banking business as defined in sec.5(b) of the banking regulation act 1949. Today it is one of the biggest bank and well managed urban co-operative bank in our area with working capital of Rs.10,313.33(31.03.2010) lakhs and own funds to the extent of Rs.951.75 lakhs as on 31.03.2010. Now the bank has 8 branches with staff members. The bank classified under 'A' category by the audit classification. In the last year 2007, RBI announced that the bank is under 'Grade 1'bank.

Results and Discussion:

The purpose of this paper is to present the analysis part of funds management in bank. It includes four sections. First section relates to the analysis of sources of bank funds. Second section represents the analysis of uses of bank funds. Third section relates to the analysis of inter-relationship between sources and uses of funds and last section relates to the analysis of profitability productivity of funds management.

Section –I- Analysis of sources of bank funds.

Mobilization of adequate funds is a prerequisite for successful banking business. Adequacy of funds influences the size of business, improves the growth of the business, enables to earn profit and promoter stability of the business.

The information relating to trends in the sources of bank funds provided in Table 1

Table 1 – sources mix of bank funds (Rs. In lakhs)

Year	Capital reserve(Rs.)	Deposits (Rs.)	Borrowings (Rs.)	Other liabilities(Rs.)	Total
2006-07	682.8 (10.36)	5865 (89.00)	NIL	42.25 (0.64)	6590.99 (100.00)
2007-08	740.73 (10.30)	6399.10 (88.98)	NIL	51.37 (0.72)	7191.11 (100.00)
2008-09	797.1 (9.75)	7440.12 (89.15)	NIL	107.30 (1.30)	8344.57 (100.00)
2009-10	951.75 (9.35)	9140.82 (89.85)	NIL	82.12 (1.50)	10174.69 (100.00)
2010-11	1078.02 (8.80)	11010.54 (89.95)	NIL	151.45 (1.25)	12240.01 (100.00)

Sources: Annual reports of the bank for the respective years.

Table.1 show that there is an increase in the aggregate funds (such as from Rs. 65900 lakhs to Rs. 12240.01 lakhs) during the study period. The component wise analysis reveals that capital reserves and deposits are increases and no borrowings during this period. Other liabilities show the fluctuation.

a) Analysis of growth of capital reserve:

Banks are required to mobilize adequate capital that enables to carry on business operations against the risk of losses arising from their operations. The information relating to growth of capital and reserve is given in table 2.

Table .2 Growth of capital and reserves.(Rs. In lakhs)

Year	Capital &reserve (Rs.)	Growth(Rs.)	Growth %
2006-07	682.8	-	-
2007-08	740.73	57.93	8.48
2008-09	797.10	56.37	7.61
2009-10	951.75	154.65	19.40

2010-11	1078.02	126.27	11.71

Table 2 shows that there is an increase in growth rate of capital and reserves. It indicates that increase in growth rate may affect the moment of capital fund.

b) Analysis of growth of deposits:

The size of the deposits determines the funds available for profitable deployment growth in deposits facilities increases in the inflow of funds required for business. The information relating to growth of deposits is given in Table 3

Table 3 Growth of deposits .(Rs. In lakhs)s

Year	Deposits (Rs.)	Growth(Rs.)	Growth %
2006-07	5865.94	-	-
2007-08	6399.01	533.07	9.09
2008-09	7440.12	1041.11	16.27
2009-10	9140.82	1700.70	22.86
2010-11	11010.54	1869.72	20.45

Sources: Annual reports of the bank for the respective years.

Table 3 reveals that, there is a fluctuation in growth rate of deposits. It affects the interest rate and which made the bank deposits less attractive.

c) Analysis of growth of borrowings:

Borrowings involve a significant amount of cost and risk that affects the profitability of bank operations. The size of borrowings determined the risky attitudes of bank. The information with regard to growth of borrowings to given in Table 4.

Table 4 Growth of borrowings.(Rs. In lakhs)

Year	Borrowings(Rs.)	Growth(Rs.)	Growth %
2006-07	NIL	0	0
2007-08	NIL	0	0
2008-09	NIL	0	0
2009-10	NIL	0	0
2010-11	NIL	0	0

Sources: Annual reports of the bank for the respective years.

Table 4 shows that there is no growth rate of borrowings. No borrowings in this period.

Section –II-Analysis of uses of funds in bank.

Bank funds are employed in different assets that are not alike in their profitability. The funds management function of the bank is said to be performed effectively only when there is an increase in the size of earning assets. Hence, a need to study the pattern of uses of funds in bank arises.

An overview of the pattern of employment of bank funds is given in table 5

Table 5 pattern of employment of bank funds (Rs. In lakhs).

Year	Cash in hand (Rs.)	Balance with bank(Rs.)	Investment (Rs.)	Loans & advance (Rs.)	Fixed assets (Rs.)	Other assets (Rs.)	Total assets (Rs.)
2006-07	235.76 (3.97)	340.53 (5.74)	753.98 (12.72)	4503.23 (75.93)	96.2 (1.63)	0.99 (0.01)	5930.69 (100)
2007-08	189.71 (3.11)	272.61 (4.47)	749.52 (12.27)	4677.06 (76.61)	76.11 (1.25)	140.21 (2.29)	6105.22 (100)
2008-09	265.65 (4.07)	307.1 (4.70)	747.66 (11.45)	5114.29 (78.34)	92.51 (1.42)	1.01 (0.02)	6528.22 (100)
2009-10	308.23 (3.84)	208.53 (2.59)	1411.55 (17.57)	6002.23 (74.74)	92.46 (1.15)	8.17 (0.1)	2031.17 (100)
2010-11	267.17 (2.39)	464.97 (4.16)	2592.03 (23.2)	7634.43 (68.33)	94.03 (0.84)	121.16 (1.08)	11173.8 (100)

Note: Figures in bracket indicates the percentages to the respective row totals.

Sources: Annual reports of the bank for the respective row totals.

The Table 5 reveals that, there is an increasing trend in the aggregate total asset of the bank during the study period. The table shows that, all assets that shown in the table have fluctuations in their growth rates.

ANALYSIS OF COMPONENTS OF BANK ASSETS

The utilization of bank funds in various assets effect the liquidity and profitability of bank. Therefore, analysis of each component of asset assumes significance. Analyses of each component of uses of bank funds are explained below.

a. Analysis of growth of liquid assets:

Bank employee a portion of their funds in liquid assets as per the liquidity requirements. These assets are necessary for their daily operations. The information relating to the growth of liquid assets is given in Table 6

Table 6 growth of liquid assets (Rs. in lakhs)

Year	Liquid assets (Rs.)	Growth (Rs.)	Growth %
2006-07	576.29	-	-
2007-08	462.32	113.97	19.77
2008-09	572.75	110.43	23.88
2009-10	516.76	-55.99	-9.77
2010-11	732.14	215.38	29.41

Sources: Annual reports of the bank for the respective year.

Table 6 reveals that, in 299-10 there is negative growth rate in liquid assets and after the respective years the growth of liquid assets fluctuating.

b. Analysis of growth of Investment:

In investments portfolio of the bank changes in interest rates, etc. These are earning assets. The information relating to growth of investments is given in table 7

Table 7 growth of Investments (Rs. In lakhs)

Year	Investments (Rs.)	Growth (Rs.)	Growth %
2006-07	753.98	-	-
2007-08	749.52	-4.46	0.59
2008-09	747.66	-1.86	0.25
2009-10	1411.55	663.89	88.80
2010-11	2590.03	1180.48	103.41

Sources: Annual reports of the bank for the respective years.

Table 7 reveals that, the growth of investments fluctuating from year to year. This fluctuation may affect the bank profitability.

c. Analysis of growth of loans & advances:

Loans & advances are more income generating assets any change in these assets may affect bank's profit. The information with regard to growth of loans &advances is given in Table 8.

Table 8 growth of loans &advances (Rs.lakhs)

Year	Loans & advances (Rs.)	Growth (Rs.)	Growth %
2006-07	4503.23	-	-
2007-08	4677.06	179.77	3.99
2008-09	5114.29	437.23	9.34
2009-10	6002.33	888.04	17.36
2010-11	7634.43	1632.10	27.19

Sources: Annual reports of the bank for the respective year.

Table 8 reveals that, the growth loans & advances increases from year to year.

d. Analysis of growth of fixed and other assets:

banks invest some portion of their fund in fixed assets like premises, furniture's, etc and other assets like interest accrued, taxes paid in advance, etc. the information relates to growth of fixed and other assets is given in Table 4.9.

Table .9 Growth of fixed and other assets (Rs. in lakhs)

Year	Fixed & other assets (Rs.)	Growth (Rs.)	Growth %
2006-07	97.19	-	-
2007-08	216.32	119.13	122.57
2008-09	93.52	-122.8	5.68
2009-10	100.63	7.11	7.60
2010-11	215.19	114.56	113.84

Sources: Annual reports of the bank for the respective year.

Table 9 shows that, in the 2008-09 negative growth rates and remaining all year's positive growth rate in fixed and other rates.

Section III-ANALYSIS OF INTERRELATIONSHIP BETWEEN SOURCES AND USES OF FUNDS.

Funds management is an integrated approach of matching liabilities (sources) and assets. Each source of fund influences the employment of funds, which in turn affects the overall profitability of bank. Therefore, it is necessary to trace relationship between sources and uses of funds. This relationship is made with the help of the following ratios.

a. Ratio of capital to fixed assets:

The ratio of capital to fixed assets calculated with the help of following formula, i.e.

= Capital / Fixed assets.

Table 10 Ratio of capital to fixed assets (Rs. In lakhs)

year	Capital (Rs.)	Fixed assets(Rs.)	Ratio %
2006-07	682.80	96.20	7.10

2007-08	740.73	76.11	9.73
2008-09	797.10	92.51	8.61
2009-10	951.75	92.46	10.30
2010-11	1078.02	94.03	11.46

Sources: Annual reports of the bank for the respective year.

Table 10 reveals that, the ratio of capital to fixed assets is raising

(2006-07 to 2010-11) 7.10% to 11.46%.

b. Ratio of capital to loans & advances:

with the help of following formula this ratio is calculated, i.e.

= capital / loans & advances.

Table 11 Ratio of capital to loans & advances (Rs. in lakhs)

Year	Capital (Rs.)	Loans & advances (Rs.)	Ratio (%)
2006-07	682.80	4503.23	0.15
2007-08	740.73	5677.06	0.13
2008-09	797.10	5114.29	0.15
2009-10	951.75	6002.33	0.16
2010-11	1078.02	7634.43	0.14

Sources: Annual reports of the bank for the respective year.

Table 11 shows that, the ratio of capital to loans & advances fluctuating ratios. It indicates that, the bank's ability to lend more as well as to assume more lending risk.

c. Ratio of capital to investment:

For calculating the ratio of capital to investments, the following formula is used.

= Capital / Investments

Table 12 Ratio of Capital to investments (Rs. in lakhs)

Year	Capital (Rs.)	Investments (Rs.)	Ratio (%)
2006-07	682.80	753.98	0.90
2007-08	740.73	749.52	0.98
2008-09	797.10	747.66	1.066
2009-10	951.75	1411.55	0.67
2010-11	1078.02	2592.03	0.41

Sources: Annual reports of the bank for the respective year.

Table 4.12 reveals that, the ratio is fluctuating. Thus, it is referred that the bank is not sufficient to absorb the losses on securities if any.

d. Ratio of liquid assets to Deposits:

The formula of ratio of liquid assets to deposits is as follows, i.e.

= Liquid assets / Deposits.

Table 13 Ratio of liquid assets to deposits (Rs. in lakhs)

	Liquid assets (Rs.)	Deposits (Rs.)	Ratio (%)
2006-07	576.29	5865.94	0.099
2007-08	462.32	6399.01	0.072
2008-09	572.75	7440.12	0.076
2009-10	516.76	9140.82	0.056
2010-11	732.14	11010.54	0.066

Sources: Annual reports of the bank for the respective year.

Table 13 reveals that, the ratio is decreases. Thus it is referred that the bank is not sufficient to absorb the losses on securities if any.

e. Ratio of Investments to deposits:

The formula of ratio of liquid assets to deposits is as follows, i.e.

= Investments / deposits.

Table 14 Ratio of Investments to deposits (Rs. in lakhs)

Year	Investments (Rs.)	Deposits (Rs.)	Ratio (%)
2006-07	753.98	5865.94	0.128
2007-08	749.52	6399.01	0.11
2008-09	747.66	7440.12	0.10
2009-10	1411.55	9140.82	0.15
2010-11	2592.03	11010.54	0.23

Sources: Annual reports of the bank for the respective year.

Table 14 reveals that the ratio of investments to deposits is decreasing from 0.128 times to 0.10 times. Decreases in ratio reflect the inefficient utilization of deposits.

f. Ratio of Loans & advances to Deposits:

The following formula is used to calculate the ratio of loans & advances to deposits.

= loans & advances / deposits.

Table 15 Ratio of loans &advances to deposits (Rs. in lakhs)

Year	Loans & advances (Rs.)	Deposits (Rs.)	Ratio (%)
2006-07	4503.23	5865.94	0.76
2007-08	5677.06	6399.01	0. 88
2008-09	5114.29	7440.12	0.68

2009-10	6002.33	9140.82	0.65
2010-11	7634.43	11010.54	0.69

Sources: Annual reports of the bank for the respective year.

Table 15 reveals that, the ratio of loans &advances to deposits is fluctuating year to year. It indicates that, the bank's liquidity and profitability.

Section IV-Analysis of profitability and productivity of funds management.

The productivity of funds leads to banks overall profitability. Profitability reflects the profit earning capacity of banks through optimum utilization of resources such as deposits, loans, manpower and others.

For measuring the profitability of funds management, it is management essential to judge the efficiency of funds related services like manpower expenses and non-fund revenue like income from ancillary services are important. Hence, to measure all these variables spread burden approach is used. The operational efficiency of bank also depends on their productive utilization of funds. Considering all these issues, a frame work for empirical analysis of profitability and productivity of funds management.

Analysis of profitability and productivity of funds management.

A. Profitability of funds.
(Spread burden approach)

1. Analysis of growth of profit fund.
2. Profitability index.
3. Analysis of growth of spread.
4. Analysis of growth of burden.

B. Productivity of funds.

1.Ratio of net Profit to working.
2.Ratio of interest Earned to working Fund.
3. Ratio of interest Paid to Working
4. Ratio of other

Expenses to

Working fund.

i. ALYSIS OF PROFITABILITY OF FUNDS THROUGH SPREAD BURDEN APPROACH.

Measuring the profitability of funds through spread burden approach is accomplished with the help of following ratios.

1. Analysis growth of profits:

Earning profit is indispensable for survival and growth of banking industry therefore, it is important to study the trends in profits. The trends in profits are changing from year to year. The information relating to trends in growth of profits is given in table 16.

Table 16 growth of profits (Rs. In lakhs)

Year	Profits(Rs.)	Growth(Rs.)	Growth %
2006-07	42.14	-	-
2007-08	54.62	12.48	29.61
2008-09	90.41	35.79	39.58
2009-10	108.11	17.70	19.57
2010-11	126.08	17.97	16.62

Sources: Annual reports of the bank for the respective year.

Table 16 reveals that, there is fluctuation in growth rate of profits, but growth is not constant. Moreover there is high growth of profit during the year 2008-09.

2. Profitability index:

Profitability index, which is defined as spread / burden (S/B). The information relating to this ratio is given in Table 17 spread, burden, working fund, interest earned, interest paid and other expenses.

Table 17: Profitability index.

Year	Spread(Rs.)	Burden(Rs.)	Index (S/B)
2006-07	155.47	50.41	3.08
2007-08	144.69	77.85	1.85
2008-09	318.22	74.33	4.29
2009-10	426.79	169.54	2.51
2010-11	434.32	134.71	3.22

Sources: Annual reports of the bank for the respective year.

Table 17 reflects that, the profitability index fluctuating from year to year.

3. Analysis of growth of spread:

Spread is outcome of interest earned and interest paid. The information with regard to growth of spread is given in Table 18.

Table 18 Growth of spread (Rs. in lakhs)

Year	Spread(Rs.)	Growth(Rs.)	Growth %
2006-07	155.47	-	-
2007-08	144.69	-11.23	-7.22
2008-09	318.22	173.98	120.06
2009-10	426.79	108.57	34.11
2010-11	434.32	7.53	1.76

Sources: Annual reports of the bank for the respective year.

Table 18 reflects that, the growth of spread fluctuating from year to year due to fluctuation in interest income and interest expenditure.

2. Analysis of growth of burden:

Burden consists of certain expenses which are not relating to non fund items. But such expenses are having greater influence over the bank's profitability. The information relates to growth of burden is giving in Table 19.

Table 19 Growth of burden (Rs. in lakhs)

Year	Burden(Rs.)	Growth(Rs.)	Growth %
2006-07	50.41	-	-
2007-08	77.85	-27.44	54.43
2008-09	74.33	3.52	4.52
2009-10	169.54	95.21	56.15
2010-11	134.71	-34.83	20.53

Sources: Annual reports of the bank for the respective year.

Table 19 reflects that, the growth of burden fluctuating from year to year, which affects the profitability of funds management.

ii. Analysis of productivity fund:

The analysis of productivity of funds is made the help of following ratios:

1. Ratio of Net profit to working fund:

The working fund is the sum of share capital, deposits and borrowings. For calculating the ratio of net profit to working fund, the following form is used and is shown in Table 20.

= Net profit / working fund.

Table 20 Ratio of Net profit to working fund (Rs. In lakhs)

Year	Net profit(Rs.)	Working fund (Rs.)	Ratio %
2006-07	42.14	6109.47	0.69
2007-08	54.62	6657.92	0.82
2008-09	90.41	7713.94	1.357
2009-10	108.11	9462.41	1.425
2010-11	126.08	11410.09	1.104

Sources: Annual reports of the bank for the respective year.

Table 20 reveals that, the ratio of net profit to working fund is increases ratio to year by year.

2. Ratio of Interest earned to working fund:

The ratio of interest earned to working fund is calculated by following the below given formula it is given in Table 21.

= Interest earned / working fund.

Table 21 Ratio of Interest earned to working fund (Rs. In lakhs).

Year	Interest earned (Rs.)	Working fund (Rs.)	Ratio %
2006-07	550.01	6109.47	9.00
2007-08	643.79	6657.92	9.67
2008-09	604.07	7713.94	7.83
2009-10	658.14	9462.41	6.955
2010-11	828.67	11410.09	7.26

Sources: Annual reports of the bank for the respective year.

Table 21 reflects that, the ratio of interest earned to working fund is decreases for year to year.

3. Ratio of Interest paid to working fund:

The ratio of interest paid to working fund is calculated with the help of following formula i.e. and it is shown in Table 22.

= Interest paid / working fund.

Table 22 Ratio of Interest paid to working fund (Rs. In lakhs).

Year	Interest paid (Rs.)	Working fund (Rs.)	Ratio %
2006-07	705.48	6109.47	11.54
2007-08	788.03	6657.92	11.83
2008-09	922.29	7713.94	11.95

2009-10	1084.93	9462.41	11.46
2010-11	1262.99	11410.09	11.07

Sources: Annual reports of the bank for the respective year.

Table 22 says that, the ratio of interest paid to working fund is constant.

4. Ratio of other expenses to working fund:

This ratio is calculated by the following formula and the information relating to this ratio is given in Table 4.23.

= Other expenses / working fund.

Table 23 Ratio of Other expenses to working fund (Rs. In lakhs).

Year	Other expenses (Rs.)	Working fund (Rs.)	Ratio %
2006-07	50.40	6109.47	o.82
2007-08	77.85	6657.92	1.17
2008-09	74.33	7713.94	1.00
2009-10	169.54	9462.41	1.80
2010-11	134.70	11410.09	1.18

Sources: Annual reports of the bank for the respective year.

Table 23 ratios of other expenses to working fund are increases from year to year.

Findings:

Funds management is an integrated approach which plays an important role in the banking industry. The purpose of this paper is to present the findings that are made during the study of analysis of funds management in UCB. These findings are as follows.

- The source of bank funds reveals that, there is an increase in the aggregate funds.
- The growth of capital and reserve are increases.
- There is an increase for growth of deposits.
- There is no growth of borrowings.

- The pattern of employment of bank funds reveals that, there is increasing trend during the study period.
- There is fluctuation in growth of liquid assets and investments.
- There is an increases growth of loans &advances.
- In the 2008-09 negative growth in fixed assets and other assets.
- The capitals to fixed assets and loans &advances ratio are fluctuation.
- The ratio of loans & advances to deposits is fluctuation.
- Capital to fixed assets ratio is last 3 years increases.
- Capital to loans & advances and investments are fluctuation from year to year.
- The Ratio of liquid assets to investments is decreases.
- The loans & advances to deposits is fluctuation.
- The growth of profit, spread and burden are fluctuating year to year.
- There are increases in the ratio of working fund to profit.
- The ratio of interest earned to working fund is fluctuating year to year.
- There is constant figures no changes in this period of ratio of interest paid to working fund.
- Lastly the ratio of other expenses to working fund shows fluctuating year to year.

Suggestions:

- Improving the operational efficiency of the bank, which enables the bank to enhance their productivity and profitability?
- The bank should mobilize the deposits prudently.
- Adopting profitable deposit mix.
- Effective management of borrowings.
- Adopting professional and profitable investment portfolio.
- Improving capital deposit ratio.

- Improving investments deposits ratio.
- Adopt the following methods for their effective management of funds. They are
- Asset – liquidity management.
- Liquidity management.
- Investment management.
- Costing of financial services.
- Customer relationship.
- Financial liberalization.