Performance evaluation of urban cooperative banks in India

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ABSTRACT

The Urban Cooperative Banking (UCB) system has come a long way since 1904 when the first UCB was started at Kancheepuram in Tamil Nadu. UCBs remain not-for-profit, owned and controlled by the members who use their services. With the tightening of prudential norms, the banking sector has been consistently conforming to and adopting international prudential norms and accounting practices. Such strengthening of prudential norms have resulted in increased levels of Non-Performing Assets (NPAs) for the Urban Cooperative Banking Sector. This study is an attempt to analyze the asset quality of UCBs in India. This paper also traces the return on assets of UCBs in India along with pattern of financing to different sectors.

Introduction

Origins of the cooperative movement in India can be traced back to the Cooperative Credit Societies Act, 1904. The wide geographical coverage of cooperatives especially in rural areas was primarily established to save small borrowers hailing from rural areas from usurious interest rates charged by money lenders. Since its inception, it has been playing an important role in the socio-economic development of the country by making available institutional credit at affordable cost particularly to the agricultural sector. In the process, the cooperative movement in India has facilitated the process of financial inclusion. Howsoever, the weak financial position of majority of cooperative credit institutions has been a cause for concern.

The cooperative sector in India is divided into two major segments, viz., the Urban Cooperative Banks (UCBs) and Rural Cooperatives. As names indicate, UCBs concentrate on credit delivery in urban areas, while Rural Cooperatives concentrate on rural areas. The wide network of cooperatives, both urban and rural, supplements the commercial bank network in its efforts to deepen financial intermediation by bringing large number of small depositors / borrowers under the formal financial network. However, these two sets of banks are not strictly comparable owing to reasons those stem from their origins, objectives and regulatory environment they are subjected to. At present there are 1,674 UCBs are working in India.

UCBs are unique in terms of their clientele mix and channels of credit delivery. UCBs are organised with the objective of promoting thrift and self-help among the middle class/lower middle class population and providing credit facilities to the people with small means in the urban/semi-urban centres. On account of their local feel and familiarity, UCBs are important for achieving greater financial inclusion. In recent times, however, UCBs have shown several weaknesses, particularly related to their financial health. Recognising their important role in the financial system, it has been the endeavour of the Reserve Bank to promote their healthy growth. However, the heterogeneous nature of the sector has called for a differentiated regime of regulation. In recent years, therefore, the Reserve Bank has provided regulatory support to small and weak UCBs, while at the same time strengthening their supervision.

Literature Review

A synoptic review of the literature brings to the fore insights into the determinants of NPA. Bhattacharya (2001) points to the fact that, banks would have no option but to dilute the quality of borrowers thereby increasing the probability of generation of NPAs specially in an increasing rate regime when quality borrowers would switch over to other avenues such as capital markets for their requirement of funds. Muniappan,2002 was of the opinion that the problem of NPAs is related to several internal and external factors confronting the borrowers.. Ranjit Kumar Das(2002) was of the view that selection of unsuitable scheme, political interference and willful default were the reasons for the poor recovery. Rajaraman and Vasishtha (2002) in an empirical study provided an evidence of significant bi-variate relationship between an operating inefficiency indicator and the problem loans of public sector banks. Anil Suryawanshi (2003) identified that misutilisation of the loans by beneficiaries, low income generation from the activity undertaken, natural calamities, non repayment of loans intentionally, non- adherence to lending norms/ sanctioned norms were the main reasons for non- payment of loans at borrower level. Das and Ghosh (2003) empirically examined non-performing loans of Indian public sector banks in terms of various indicators. Mohan,Rakesh(2003) conceptualized 'lazy banking' while critically reflecting on banks' investment portfolio and lending policy. Gopalakrishnan(2004) emphasized on strengthening the balance sheet of the banking system which directly depends on the quality of its assets particularly in loans and advances. Reddy(2004) provided a considered view is that banks' lending policy could have crucial influence on nonperforming loans. He critically examined various issues pertaining to terms of credit of Indian banks. Jain, Vibha(2007) was of the opinion that the RBI and the Government of India Have been sincere in complying with the remedial measures like setting up of Debt Recovery Tribunals, Asset Reconstruction Companies and Lok Adalats,

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etc. However, surprisingly the problem got accentuated. Ahmed, J.U.(2008) was of the view that the extent of NPA is comparatively higher in public sector banks than that of its competitors' viz., private and foreign banks. The earning capacity and profitability of the public sector banks is highly affected due to this. Whereas K. Ravichandran and R.Mayilsamy(2008) were of the view that the quantum of loans increased over the years, the syndrome of cooperative credit i.e., the over dues have been deeply rooted into the system and block the flow of credit to agriculture.

Objectives of the Study

1. The objectives of the study are as follows:
2. To study the magnitude and trends of non-performing assets of Urban Cooperative banks in India.
3. To examine the asset quality of Urban Cooperative banks in India..
4. To assess the magnitude and trends of advances to priority and weaker sections by Urban Cooperative banks in India.
5. To study the pattern of CRAR percentage of UCBs in India.
6. To assess the return on assets of scheduled UCBs in India.

Research Methodology

The present study is investigative in nature. In this study, the state of NPAs in the Urban Cooperative banks during the period 2005-06 to 2009-10 is examined. But the state of advances to priority and weaker sections is undertaken for 2007-08, 2008-09 and 2009-10 as the pattern of data collection was different in the prior period. Whereas the study of distribution of banks according to CRAR is studied from 2006-07 to 2009-10 as the pattern of distribution of banks is changed from 2006-07 onwards. This study is based on the secondary data which is collected from the various Reports on Trend and Progress of Banking in India. The collected data have been tabulated to analyze the situation of NPAs in urban cooperative banks in India. The study examined the trends in Gross NPAs to Total Advances, Net NPAs to Total Advances. Various statistical tools such as mean, standard deviation, correlation, regression, Coefficient of determination, ANOVA and Post-Hoc Tukey HSD test are used to study the behaviour of NPAs in case of Urban Cooperative Banks.

Hypothesis

H_0 : Null Hypothesis that there is no significant association between GNPAs & Total Advances of Urban Cooperative Banks.

H_0 : Null Hypothesis that there is no significant association between NNPAs & Total Advances of the Urban Cooperative Banks.

H_0 : Null Hypothesis that there is no significant difference in the number of banks falling under each category of CRAR percentage.

H_0 : Null Hypothesis that that there is no highly significant difference between the different categories of advances.

Analysis and Interpretation

(1) Trend of Gross Advances and Gross Non Performing Assets
 Total advances of the UCBs (table 1) have increased from Rs.70,379 crore in the year 2005-06 to Rs. 1,10,303 crore in the year 2009-10 in the absolute terms.

The same trend is noticed in case of gross NPA in the first three years as they have increased from Rs. 13,506 crore in the year 2005-06 to Rs. 14,583 crore in the year 2007-08 but declined in the next two years to reach to Rs.12,727 crore in 2008-09. But in percentage, the gross NPA shows the declining trend as it has decreased from 18.9 percent in 2005-06 to 11.6 percent in 2009-10.

The Statistical test of association between Total Advances and Gross NPA of UCBs shows that R= -0.514 which indicates the negative correlation between the total advances and the gross NPA. The P=0.376 and since P>0.05 the hypothesis is accepted. In the test adjusted R square is 0.264 (Table 3) which shows that only 26.4% of variation in GNPAs is explained by variation in Total Advances which again proves the hypothesis that there is no significant association between GNPAs & Total Advances of UCBs. ANOVA values (table 4) show that in the test F = 1.077, P = 0.376 (p>0.05 => NS) Thus, hypothesis is accepted that there is no significant association between GNPAs & Total Advances of UCBs .

(2) Trend of Total Advances and Net Non Performing Assets
 Total advances of the UCBs (table 5) have increased from Rs.70,379 crore in the year 2005- 06 to Rs. 1,10,303 crore in the year 2009-10 in the absolute terms. The decreasing trend is noticed except the year 2007-08 in case of net NPA as they have decreased from Rs.6,335 crore in the year 2005-06 to Rs.4,724 crore in the year 2009-10.

In percentage also, the net NPA shows the decreasing trend except the year 2007-08 as it has decreased from 9.6 percent in 2005-06 to 4.3 percent in 2009-10.

The statistical test of association between Total Advances and Net NPA of Urban Cooperative banks shows that R= -0.752, P=0.071 and since P>0.05 the hypothesis is accepted. In the test R square (table 7) is 0.556 which shows that only 55.6% of variation in NNPAs is explained by variation in Total Advances which again proves the hypothesis that there is no significant association between NNPAs & Net Advances of UCBs . ANOVA values (table 8) show that in the test F = 3.912, P = 0.142(p > 0.05 => NS)

Thus, hypothesis is accepted that there is no significant association between NNPAs & Total Advances of Urban Cooperative Banks.

Distribution of UCBs By Ratio of CRAR

It has been observed (table 9) that the number of urban cooperative banks by ratio of CRAR up to 3 percent has decreased from 209 to 144 except the year 2007-08 in which the number has increased in comparison of the previous year.

The same trend is noticed in case of second category, i.e. above 3 and up to 6 percent as the number of UCBs has decreased from 48 in 2006-07 to 25 in 2008-09. But in 2009-10, the number of banks has increased to 27. The mix trend is noticed in case of above 6 and up to 9 percent as the number of UCBs fluctuated between 53 and 67.

The number of banks in the category above 9 percent has decreased from 1496 in 2006-07 to 1444 in 2009-10 except the year 2008-09.

Analysis of statistical values reveals that the highest number of banks (approximately 1470) on the average falls in the category of above 9 percent (table 10).

It is found that on the basis of results of one way ANOVA that F= 3052.073 and p-value= 0.000 that there is highly significant difference in the average number of banks falling in the four categories of distribution of banks as per CRAR (table 11).

Further, the results obtained by performing Tukey HSD procedure shows that on an average, 1470 banks have CRAR ratio above 9 percent, 180 banks fall up to 3 percent (table 12 & 13). It gives a comprehensible picture that the maximum number of banks have managed significantly CRAR ratio above 9 percent.

Sector Wise Classification of Advances to Priority Sectors and Weaker Sections

Sector- wise advances of UCBs have been divided into two parts i.e. priority sector and weaker section. Under priority sector and for weaker section, the advances are made under seven heads i.e. agriculture & allied activities, retail trade, small enterprises, education loans, housing loans, micro credit and state sponsored programmes for SC/ST. Advances for agriculture and allied activities increased from Rs. 5,363 crore in 2007-08 to Rs. 6,383 crore in the year 2009-10 although it declined to Rs. 4,731 crore in 2008-09.For weaker section, the advances in the same category increased from Rs. 1,464 crore in 2007-08 to Rs. 2,225 crore in 2009-10. The increasing trend is also noticed in case of retail trade, small enterprises, education loans, housing loans, micro credit and state sponsored programmes for SC/ST under both categories. This trend is also evident from total advances of UCBs (table 1). The table 15 indicates the correlation among the different categories. It indicates that the correlation in all the sectors of advances is significant as it is more than of .05 level.

The one sample statistics indicates that the mean is highest in case of small enterprises (Table 16). It means the highest advance is made for small enterprises and the next number is of housing loans. The mean values are 21857 and 14573 for small enterprises and housing loans respectively. ANOVA results indicates F= 20.363 and p-value 0.000, since p<0.01 which indicates that there is a highly significant difference between the different categories of advances (Table 19). Tukey HSD procedure performed on various sectors of advances shows that state sponsored programmes for SC/ST, education loans, micro credit and agriculture & allied activities are homogenous at p-value of 0.465. Micro credit, agriculture & allied activities and retail trade are homogenous at a p-value of 0.160, whereas retail trade and housing loan are homogenous at p-value of 0.600 (table 18 &19). However the mean advances of small enterprises significantly differ from the mean advances of agriculture & allied activities, retail trade, education loans, micro credit and state sponsored programmes for SC/ST (table 17 &18).

Actual ROA vis-à-vis Potential ROA

Over the last one decade, the return on assets of scheduled UCBs witnessed a rising trend. The ROA which was negative up to the year 2002-03, turned out to be positive in the year 2003-04 and remained positive thereafter. However, during the last two years, ROA exhibited a declining trend. It is evident from the chart that actual ROA deviated from its potential throughout the decade. The analysis shows that the deviation of actual ROA from its potential was mainly due to higher provisioning requirements during the first half of the decade. However, during the later years there was an improvement in the asset quality of the sector and as such the provisioning requirements declined. Thus, in the latter half of the decade, the ROA did not reach its potential level mainly because of a lower NIM and Non-IM. However, the unrealised portion of ROA due to lower Non-IM was higher than that due to lower NIM during the second half of the decade. Thus, it is clear that the negative and declining Non-IM is the major factor which is putting a downward pressure on the actual ROA of the scheduled UCB sector followed by NIM. During the last two years NIM as well as non-IM of UCBs witnessed a declining trend.

Conclusion

Urban Cooperative Banks are the important constituent of Indian banking system. These banks have expanded their operations over the last two decades. It was found in the present study that the situation of NPA in banks has improved over the period of study. But in 2007-08, the NPA in these banks have grown in comparison of the previous year. In general, it may be concluded that the position of NPA has improved considerably. Most of the Urban Cooperative Banks have CRAR ratio of more than 9 percent. It was also find in the study that ROA exhibited in the years 2008-09 and 2009-10 and actual ROA deviated from its potential throughout the decade.

Figure 1: Decomposition of Unrealised ROA of Scheduled UCB
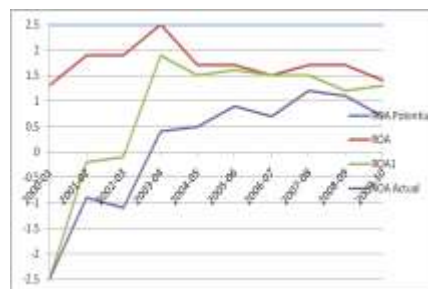
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Table 1: Total Advances and Gross NPA (Amount in Rs. crore)

Year March End	Total Advances	Gross NPA	Percentage of Gross NPA to Total Advances
2005-06	70,379	13,506	18.9
2006-07	78,660	14,541	18.3
2007-08	90,444	14,583	16.4
2008-09	92,634	12,862	13.4
2009-10	1,10,303	12,727	11.6

(Source: Reports on Trends and Progress of Banking)

Table 2: Correlations Between Gross NPA and Total Advances

		Total Advances	Gross NPA
Total Advances	Pearson Correlation	1	-.514
	Sig. (2-tailed)		.376
	N	5	5
Gross NPA	Pearson Correlation	-.514	1
	Sig. (2-tailed)	.376	
	N	5	5

Table 3: Model Summary of Relationship Between Gross NPA And Total Advances

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514[a]	.264	.019	880.05291

a. Predictors: (Constant): Total Advances

Table 4: ANOVA[b] Results for Relationship Between Gross NPA And Total Advances

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	834307.446	1	834307.446	1.077	.376[a]
	Residual	2323479.354	3	774493.118		
	Total	3157786.800	4			

a. Predictors: (Constant): Total Advances   b. Dependent Variable: Gross NPA

Table 5: Total Advances and Net NPA (Amount in Rs. crore)

Year March End	Total Advances	Net NPA	Percentage of Net NPA to Total Advances
2005-06	70,379	6,335	9.6
2006-07	78,660	6,235	8.8
2007-08	90,444	6,685	9.1
2008-09	92,634	5,161	5.4
2009-10	1,10,303	4,724	4.3

(Source: Reports on Trends and Progress of Banking)

Table 6: Correlations Between Net NPA and Total Advances

		Total Advances	Net NPA
Total Advances	Pearson Correlation	1	-.752
	Sig. (1-tailed)		.071
	N	5	5
Net NPA	Pearson Correlation	-.752	1
	Sig. (1-tailed)	.071	
	N	5	5

Table 7: Model Summary of Relationship Between Gross NPA And Total Advances

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752[a]	.566	.421	638.84998

a. Predictors: (Constant): Total Advances

Table 8: ANOVA[b] Relationship Between Gross NPA And Total Advances

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1596464.099	1	1596464.099	3.912	.142[a]
Residual	1224387.901	3	408129.300		
Total	2820852.000	4			

a. Predictors: (Constant): Total Advances b. Dependent Variable :Net   NPA

Table 9: Distribution of UCB's According to CRAR

Years	Up to 3 percent	Above3 and up to 6 percent	Above 6 and up to 9 percent	Above 9 percent
2006-07	209	48	60	1496
2007-08	224	36	53	1457
2008-09	144	25	67	1485
2009-10	144	27	59	1444

(Source: Reports on Trends and Progress of Banking)

Table 10: Descriptive For Distribution of UCB's according to CRAR

	N	Mean	Std. Deviation
Up to 3 percent	4	180.2500	42.30347
Above 3 and up to 6 percent	4	34.0000	10.48809
Above 6 and up to 9 percent	4	59.7500	5.73730
Above 9 percent	4	1470.5000	24.11777

Table 11: ANOVA Results for Distribution of UCBs According to CRAR

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5755065.250	3	1918355.083	3052.073	.000
Within Groups	7542.500	12	628.542		
Total	5762607.750	15			

Table 12:Multiple Comparison for Distribution of UCBs According to CRAR

(I) Categories	(J) Categories	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Up to 3 percent	Above 3 and up to 6 percent	146.25000*	17.72769	.000	93.6183	198.8817
	Above 6 and up to 9 percent	120.50000*	17.72769	.000	67.8683	173.1317
	Above 9 percent	-1290.25000*	17.72769	.000	-1342.8817	-1237.6183
Above 3 and up to 6 percent	Up to 3 percent	-146.25000*	17.72769	.000	-198.8817	-93.6183
	Above 6 and up to 9 percent	-25.75000	17.72769	.493	-78.3817	26.8817
	Above 9 percent	-1436.50000*	17.72769	.000	-1489.1317	-1383.8683
Above 6 and up to 9 percent	Up to 3 percent	-120.50000*	17.72769	.000	-173.1317	-67.8683
	Above 3 and up to 6 percent	25.75000	17.72769	.493	-26.8817	78.3817
	Above 9 percent	-1410.75000*	17.72769	.000	-1463.3817	-1358.1183
Above 9 percent	Up to 3 percent	1290.25000*	17.72769	.000	1237.6183	1342.8817
	Above 3 and up to 6 percent	1436.50000*	17.72769	.000	1383.8683	1489.1317
	Above 6 and up to 9 percent	1410.75000*	17.72769	.000	1358.1183	1463.3817

*. The mean difference is significant at the 0.05 level.

Table 13: Tukey HSD[a] Test for Distribution of UCBs According to CRAR

Categories	N	Subset for alpha = 0.05		
		1	2	3
Above 3 and up to 6 percent	4	34.0000		
Above 6 and up to 9 percent	4	59.7500		
Up to 3 percent	4		180.2500	
Above 9 percent	4			1470.5000
Sig.		.493	1.000	1.000

Means for groups in homogeneous subsets are displayed.
a. Uses Harmonic Mean Sample Size = 4.000.

Table 14: Sector-Wise Classification of Advances to Priority Sectors and Weaker Sections by Urban Cooperative Banks (Amount in Rs. Crore)

Activities	2007-08		2008-09		2009-10	
	Priority Sector	Weaker Section	Priority Sector	Weaker Section	Priority Sector	Weaker Section
Agriculture & Allied Activities	5,363	1,464	4,731	1,732	6,383	2,225
Direct Finance	2,264	614	1,415	537	1,882	611
Indirect Finance	3,099	850	3,316	1,195	4,501	1,614
Retail Trade	10,271	2,828	10,235	2,958	10,429	3,005
Small Enterprises	15,011	3,418	21,283	3,748	29,279	4,400
Direct Finance	8,697	2,013	15,331	2,866	20,622	3,207
Indirect Finance	6,314	1,405	5,952	882	8,657	1,193
Education Loans	610	186	1,461	557	1,838	591
Housing Loans	11,916	3,155	13,882	4,271	17,923	5,213
Micro Credit	3,012	946	3,130	1,035	4,779	2,077
State ponsored Programs for SC/ST	675	152	526	273	754	387
Total	46,859	12,149	55,248	14,573	71,385	17,898

Table 15: Correlations Among Various Categories of Advances

		Agriculture and allied activities	Retail Trade	Small Enterprises	Education Loans	Housing Loans	Micro Credit	State Sponsored Programs
Agriculture and Allied Activities	Pearson Correlation	1	.977	.665	.425	.755	.901	.952
	Sig. (2-tailed)		.136	.537	.720	.456	.286	.197
	N	3	3	3	3	3	3	3
Retail Trade	Pearson Correlation	.977	1	.808	.607	.877	.972	.866
	Sig. (2-tailed)	.136		.401	.585	.320	.150	.333
	N	3	3	3	3	3	3	3
Small Enterprises	Pearson Correlation	.665	.808	1	.959	.992	.923	.406
	Sig. (2-tailed)	.537	.401		.184	.081	.251	.734
	N	3	3	3	3	3	3	3
Education Loans	Pearson Correlation	.425	.607	.959	1	.915	.776	.129
	Sig. (2-tailed)	.720	.585	.184		.265	.435	.918
	N	3	3	3	3	3	3	3
Housing Loans	Pearson Correlation	.755	.877	.992	.915	1	.965	.518
	Sig. (2-tailed)	.456	.320	.081	.265		.170	.653
	N	3	3	3	3	3	3	3
Micro Credit	Pearson Correlation	.901	.972	.923	.776	.965	1	.726
	Sig. (2-tailed)	.286	.150	.251	.435	.170		.483
	N	3	3	3	3	3	3	3
State Sponsored Programs	Pearson Correlation	.952	.866	.406	.129	.518	.726	1
	Sig. (2-tailed)	.197	.333	.734	.918	.653	.483	
	N	3	3	3	3	3	3	3

Table 16: One-Sample Statistics for Various Categories of Advances

	N	Mean	Std. Deviation	Std. Error Mean
Agriculture and Allied Activities	3	5492.3333	833.55944	481.25576
Retail Trade	3	10311.6667	103.19561	59.58001
Small Enterprises	3	21857.6667	7151.33815	4128.82701
Education Loans	3	1303.0000	629.06200	363.18912
Housing Loans	3	14573.6667	3062.64825	1768.22079
Micro Credit	3	3640.3333	987.87769	570.35145
State Sponsored Programs	3	651.6667	115.77708	66.84393

Table 17: Tukey HSD Test For Multiple Comparisons of Sector Wise Distribution of Advances

(I) classification	(J) classification	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Agriculture and Allied Activities	Retail Trade	-4820.00000	2441.89949	.470	-13158.0768	3518.0768
	Small Enterprises	-1.63660E4	2441.89949	.000	-24704.0768	-8027.9232
	Education Loans	4188.66667	2441.89949	.618	-4149.4102	12526.7435
	Housing Loans	-9082.00000*	2441.89949	.029	-17420.0768	-743.9232
	Micro Credit	1851.33333	2441.89949	.986	-6486.7435	10189.4102
	State Sponsored Programs	4840.00000	2441.89949	.465	-3498.0768	13178.0768
Retail Trade	Agriculture and Allied Activities	4820.00000	2441.89949	.470	-3518.0768	13158.0768
	Small Enterprises	-1.15460E4	2441.89949	.005	-19884.0768	-3207.9232
	Education Loans	9008.66667*	2441.89949	.031	670.5898	17346.7435
	Housing Loans	-4262.00000	2441.89949	.600	-12600.0768	4076.0768
	Micro Credit	6671.33333	2441.89949	.160	-1666.7435	15009.4102
	State Sponsored Programs	9660.00000*	2441.89949	.019	1321.9232	17998.0768
Small Enterprises	Agriculture and Allied Activities	16366.00000*	2441.89949	.000	8027.9232	24704.0768
	Retail Trade	11546.00000*	2441.89949	.005	3207.9232	19884.0768
	Education Loans	20554.66667*	2441.89949	.000	12216.5898	28892.7435
	Housing Loans	7284.00000	2441.89949	.106	-1054.0768	15622.0768
	Micro Credit	18217.33333*	2441.89949	.000	9879.2565	26555.4102
	State Sponsored Programs	21206.00000*	2441.89949	.000	12867.9232	29544.0768
Education Loans	Agriculture and Allied Activities	-4188.66667	2441.89949	.618	-12526.7435	4149.4102
	Retail Trade	-9008.66667*	2441.89949	.031	-17346.7435	-670.5898
	Small Enterprises	-2.05547E4	2441.89949	.000	-28892.7435	-12216.5898
	Housing Loans	-1.32707E4	2441.89949	.001	-21608.7435	-4932.5898
	Micro Credit	-2337.33333	2441.89949	.955	-10675.4102	6000.7435
	State Sponsored Programs	651.33333	2441.89949	1.000	-7686.7435	8989.4102
Housing Loans	Agriculture and Allied Activities	9082.00000*	2441.89949	.029	743.9232	17420.0768
	Retail Trade	4262.00000	2441.89949	.600	-4076.0768	12600.0768
	Small Enterprises	-7284.00000	2441.89949	.106	-15622.0768	1054.0768
	Education Loans	13270.66667*	2441.89949	.001	4932.5898	21608.7435
	Micro Credit	10933.33333*	2441.89949	.007	2595.2565	19271.4102
	State Sponsored Programs	13922.00000*	2441.89949	.001	5583.9232	22260.0768
Micro Credit	Agriculture and Allied Activities	-1851.33333	2441.89949	.986	-10189.4102	6486.7435
	Retail Trade	-6671.33333	2441.89949	.160	-15009.4102	1666.7435
	Small Enterprises	-1.82173E4	2441.89949	.000	-26555.4102	-9879.2565
	Education Loans	2337.33333	2441.89949	.955	-6000.7435	10675.4102

Table 18: Tukey HSD[a] Test For Sector Wise Distribution of Advances

Classification	N	Subset for alpha = 0.05			
		1	2	3	4
State Sponsored Programmes for SC/ST	3	651.6667			
Education Loans	3	1303.0000			
Micro Credit	3	3640.3333	3640.3333		
Agriculture and Allied Activities	3	5491.6667	5491.6667		
Retail Trade	3		10311.6667	10311.6667	
Housing Loans	3			14573.6667	14573.6667
Small Enterprises	3				21857.6667
Sig.		.465	.160	.600	.106

Means for groups in homogeneous subsets are displayed.
a. Uses Harmonic Mean Sample Size = 3.000.

Table 19: ANOVA Results for Various Categories of Advances

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.093E9	6	1.821E8	20.363	.000
Within Groups	1.252E8	14	8944309.714		
Total	1.218E9	20			

Table 20: Return on Assets of Scheduled UCBs

Item	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
NIM	3.1	2.3	2.1	1.6	2	2.3	2.3	2.8	2.9	2.5
NON IM	-1.4	-0.7	-0.7	-0.2	-9	-0.9	-1.1	-0.9	-1	-1.2
Prov/Assets	4.2	2.5	2.5	1	0.7	0.5	0.4	0.6	0.9	0.6
ROA Potential	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
ROA	1.3	1.9	1.9	2.5	1.7	1.7	1.5	1.7	1.7	1.4
ROA1	-2.5	-0.2	-0.1	1.9	1.5	1.6	1.5	1.5	1.2	1.3
ROA Actual	-2.5	-0.9	-1.1	0.4	0.5	0.9	0.7	1.2	1.1	0.7

(Source: Report on Trend and Progress of Banking,2009-10, p.111)
RoApotential : Arrived at using highest NIM and Non-IM, and lowest provisioning.
RoA 1 : Arrived at using highest NIM and lowest provisioning along with the actual Non-IM.
RoA 2 : Arrived at using highest NIM along with the actual provisioning and Non-IM.