

**ANALYSIS OF FINANCIAL STATEMENT OF
NAGALAND STATE COOPERATIVE BANK
(NStCB), 2018-2021**

*Project report submitted to Nagaland University in partial
fulfilment for the award of the degree of Bachelor of
Commerce*

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DECLARATION

I declare that the project report entitled “Analysis of final Statements of Nagaland State Cooperative Bank, 2018-2021” submitted by me for the award of the degree of **Bachelor of Commerce** of Nagaland University is my own work. The project report has not been submitted for any other degree of this University or any other university.

LUTSUVE-Ü LASUH

CERTIFICATE

I forward this project report be placed before the examiners for evaluation.

NGIPLON RACHEL CHOHWANGLIM

Supervisor

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This research has offered me more invaluable knowledge and in-depth understanding on this subject matter in the process of doing more study into several books findings to understand the analysis of the bank financial structure and its areas.

I convey my gratitude to Dr.Ralimongla, Principal, Kohima College Kohima, for giving us an opportunity to work on this project.

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Aknowledgement

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CHAPTER- 1

INTRODUCTION



1.1 INTRODUCTION

1.1.1 Nagaland State Cooperative Bank Ltd. (NStCB)

Nagaland State Cooperative Bank Ltd (NStCB). It was established in 1966. NStCB Ltd. is sponsored and financed by the Government of Nagaland. The chairman or chairwoman is the highest officer of NStCB. The chairman is appointed by the government of Nagaland.

NStCBC has 21 branches in Nagaland and 21 ATM including 1 mobile ATM over Nagaland. The headquarter of NStCB is located in Dimapur, Nagaland. The bank provides all the financial services to the customer like fixed deposit, saving deposit, recurring deposit, loans, mobile banking, etc. NStCB also provides Financial Literacy and Credit Camp (FLCC) and Financial Literacy Awareness Programme (FLAP) to the people of Nagaland. The bank aim to promote saving and investment habits among people, especially in rural areas.

The bank was under the regulatory ambit of the Reserve Bank of India (RBI) under the banking Regulation Act 1949. The bank provide a link through which the Reserve Bank of India provides credit to the cooperative and thus practice in the rural finance. The bank is doing its business ethically with standard corporate governance, contineous evaluating the practices with industry. These have evolved not only ensuring complaince with regulatory requirement but also being responsible to growing customer needs.

1.1.2 History of Cooperative Banking in India:

Cooperative movement in India was started primarily for dealing with the problem of rural credit. The history of Indian cooperative banking started with the passing of Cooperative Societies Act in 1904. The objective of this Act was to establish cooperative credit societies “to encourage thrift, self-help and cooperation among agriculturists, artisans and persons of limited means.”

Many cooperative credit societies were set up under this Act. The Cooperative Societies Act, 1912 recognized the need for establishing new organizations for supervision, auditing and supply of cooperative credit. These organizations were- (a) A union, consisting of primary societies; (b) the central banks; and (c) provincial banks.

Although beginning has been made in the direction of establishing cooperative societies and extending cooperative credit, but the progress remained unsatisfactory in the pre-independence period. Even after being in operation for half a century, the cooperative credit formed only 3.1 per cent of the total rural credit in 1951-52.

1.2 SCOPE OF STUDY

The scope of study is to learn about the banking structure of NStCB Ltd. bank and their financial performance. Their financial performance and their growth structure and all the financial aspects are included. The growth both in terms of financial and non-financial aspects for the past three years are studied here.

1.3 REVIEW OF LITERATURE

MS Tandon, NN Sharma (2017), the study is conducted on “A comparative study of financial performance with special reference of cooperative bank.” The objective is to compare the performance and study the financial position of the cooperative bank. The tools use to check the profitability and management efficiency of the two bank i.e is operating ratio. Researchers find out that both the two banks performance is very good. The researchers also suggest to adopt various strategies for the improvement such as, adoption of new technology in cooperative bank, operating new branches in rural areas, introduction of new financial scheme toto every segment of the society, etc.

MP Kumarran(2021),in his studies entitled as, “A study on financial analysis of State Bank of India”. The objective of the study is to know the financial performance, liquidity position, profitability position of the bank. Researcher find out that the companies overall performance was not satisfied during the year 2015-2020.The researcher suggested to plan proper maintain the better return on total assets which increase the profitability of the bank.

P Mariappan, S lakshmi(2013), the study is on “Financial performance efficiency of Nationalized Banks of India”.The aim of this reseach work is to investigate and examine the performance of the Ntionalized Banks of India individually and to identify the best operating banks.The research analysis is based on the application of Data Envelopment Analysis to compute the relative efficiency of Nationalized banks of India. The estimated result analysis shows that 21% banks are relatively efficient with maximum efficiency score.

1.4 OBJECTIVE OF STUDY

- The mission and vision and achievement of NStCB.
- To study the profitability trend of the bank during the study period.
- It aims to mainly review the financial statement analysis and the structure of the bank from the year 2018-2021.
- To determine the areas of nature and classification in the function of bank.
- To present an overview of financial inclusion and cooperative bank.
- To analyse the role of NStCB Ltd. Promoting financial inclusion in Nagaland.

1.5 RESEARCH QUESTIONS

1. What are the different functions of NStCB?
2. What is the mission and vision of NStCB?
3. What is the profitability trend of NStCB during the year 2018-2021?

1.6 RESEARCH AND METHODOLOGY

The Research present study is based on primary and secondary data which were collected through internet source questionnaires and published sources and other datas which are incorporated. The reason for choosin the descriptive research designed is the fact the project report has been primarily based upon the secondary sources of data and whose authenticity could be assured of the reluctant of the company personnel imparting with all the informations procured for the secondy source data.

Method of data collection:-

1. Primary data:

The main source of the data collection is based upon personal interviews and questionnaires.

2. Seconday data:

Secondary data is collected through annual report of NStCB, NStCB website, newspaper, internet. Data is analyse by using M.S office and M.S excel.

Area of study:-

A brief study of Nagaland State Cooperative Bank (NSCtB) financial statements.

1.7 LIMITATIONS OF STUDY

The Present study is based only on 3 Years i.e 2018-2021 due to time constraints.

Lack of few informations and no proper datas were available in the given website and the non- accesibility of the Headquater.

CHAPTER-2

FINANCIAL DETAILSIS ANALYSIS

This chapter discusses and covers about the financial statement of Nagaland State Cooperative bank(NStCB) in the year 2018-21 which consist of balancesheet and profit & loss account. The chapter also focuses on analysis of SWOT, mission and vision of the bank, the list of branches across the state i.e Nagaland.

2.1 VISSION AND MISSION

Vission of Nagaland State Cooperative Bank(NStCB)

Enhance value of all stakeholders through excellence in performance and good governance.To be a progressive bank with all values of co-operation.

Mission of Nagaland State Cooperative Bank (NStCB)

- To make the world a better place to live by co-operation.
- Helping the customers to achieve economic success and financial security.
- Creating a place where our employees can learn, grow and be fulfilled in their service.
- Making the society in which we work better places to be.

2.2 AREA OF OPERATIONS

There are 21 Branches of Nagaland State Coperative Bank with its Headquater on Dimapur.

The Bank operates in four segments, namely treasury operations, wholesale banking operations and other banking operations. The Bank provides a range of products and services to the customers.

2.3 SWOT (Strengths, Weaknesses, Opportunity, Threats) ANALYSIS OF NStCB

2.3.1 Strengths in the SWOT analysis of Nagaland State Cooperative Bank

This helps in understanding the core areas of the business where it beats the competition and has the competitive advantage in the market. Strengths are generally the core competency of the business.

Schemes are innovative in nature –The schemes introduced by the bank are very innovative in nature. It provides loans at a very low rate for people living in the rural areas and hence helps in uplifting the living standard in rural areas by helping farmers.

They have been filling the gap in urban, sub-urban and semi-urban. Also non-discrimination against caste, class, creed, religion, and gender. NStBC have responsibility for upliftment of the weaker sections of the community.

2.3.2 Weaknesses in the SWOT analysis of Nagaland State Cooperative Bank

This is the pain area of the organization where it does not have the resources or skills. Business has to work upon these areas so that they are not left behind for the competition. Though there will be some or the other weakness but it should not be an area which takes the business out of the market.

Marketing is Poor – The marketing focus is very less and hence this leads to low publicity in the market despite offering good banking facilities and experience to the customers. Bank does not have a marketing department which focuses on increasing the awareness of the bank in the market.

Client Base is Poor – The bank does not have a good customer base of high-income groups. Thus the revenue generation is from low-income groups which do not increase the bottom line of the bank and hence the growth is slow.

2.3.3 Opportunities in the SWOT analysis of Nagaland State Cooperative Bank

This helps in understanding what other things a business can do with the current skills and resources. It helps the business to know the areas where it can expand and take a lead in order to diversify the business and expand the customer base.

Rural Banking – The bank can explore more aspects of rural banking as the majority of Indians are living in the rural areas and hence by fulfilling their banking needs the bank can grow its revenue.

Social Banking – In the era of social media the banks are adopting social channels and hence catering to the needs of customers using an additional challenge and saving their time to visit physical banks.

2.3.4 Threats in the SWOT analysis of Nagaland State Cooperative Bank

This analysis helps in understanding what are the areas which can impact the business in future or right away. So, business has to prepare itself to handle the threats in the market landscape. Competition or increasing number of players in the market with same value proposition is a threat to business as it directly lowers down the customer base and revenue.

Competition is Increasing from Private Sector Banks – Private sector banks are coming up with innovative investment schemes and hence taking the share of retail customers.

Economic Crisis – Due to the economic crisis the customers are not saving money in the banks and hence this reduces the liquidity of banks and they cannot operate smoothly due to lack of cash.

2.4 List of Nagaland State Cooperative (NStCB) Branches in Nagaland.

- Dimapur (Headquater)
- Mokokchung
- Kohima
- Tuensang
- Wokha
- Medziphema
- Zunheboto
- Jalukie
- Tuli
- Pfutsero
- Kipheri
- Phek
- N.S.A
- Changtonga
- P.R.Hill
- Tsemenyu
- Mon
- H.S.Jn.
- Chozuba
- Chumukedima
- H.O.Complex

2.5 Nagaland State Cooperative Bank (NStCB) Ltd.
Balancesheet As of 31st March 2021-2020

| BALANCESHEET OF NStCB | MAR 2021 | MAR 2020 |
|---|-----------------------|-----------------------|
| PARTICULARS | 12 MONTHS | 12 MONTHS |
| vCAPITAL & LIABILITIES | | |
| CAPITAL: | | |
| Authorised Capital | 200000000.00 | 200000000.00 |
| Subscribed capital & Amount Called and Paid up | 689582341.00 | 679633144.00 |
| Reserved Fund and Other Reserved | 773755036.43 | 708872394.43 |
| Principal/Subsidiary State Partnership Fund Account | 0.00 | 0.00 |
| Deposits and Other Account | 9731304191.44 | 9381545066.89 |
| Borrowings | 788228148.00 | 781417254.00 |
| Bills for Collecting being bills receivable as per (contra) | - | 168445.00 |
| Branch adjustment | 0.00 | 0.00 |
| Interest Suspense | 499078427.66 | 456324968.66 |
| Interest payable | 227510757.93 | 258982095.93 |
| Other liabilities & Provisions | 99451383.29 | 121081229.49 |
| Profit and Loss Account | 96202844.33 | 14625580.06 |
| Contingent liabilities | 0.00 | 0.00 |
| TOTAL CAPITAL & LIABILITIES | 12895112603.63 | 12402650178.46 |
| PROPERTY & ASSETS: | | |
| Cash and balance in current account | 661645805.26 | 1110988415.07 |
| Deposits balance with banks | 3188337975.00 | 2428218683.71 |
| Money at call and short notice | 0.00 | 0.00 |
| Investments | 1799013279.00 | 1706064699.00 |
| Investment out of the principal/Subsidiary state partnership fund | 0.00 | 0.00 |
| Advances: | | |
| Short-term | 32523454745.49 | 3182580305.61 |
| Medium-term | 2930718653.49 | 2939558440.87 |
| Long-term | 102263.00 | 102263.00 |

| | | |
|---|-----------------------|-----------------------|
| Interest Receivable | 674411626.94 | 629861052.94 |
| Bills receivable being bills for contingent as per contra | - | 168445.00 |
| Branch adjustment | 2205563.69 | 321046.86 |
| Premises [less depreciation] | 132483377.00 | 137272629.00 |
| Fixed assets | 98667781.00 | 119755769.35 |
| Other assets | 155180803.76 | 147758428.05 |
| Non-banking assets | 0.00 | 0.00 |
| Profit and Loss account | 0.00 | 0.00 |
| TOTAL PROPERTY & ASSETS | 12895112603.63 | 12402650178.46 |

Nagaland State Cooperative Bank (NStCB) Ltd.
Balancesheet as of 31 March 2019-2018

| BALANCESHEET OD NStCB | MAR 2019 | MAR 2018 |
|---|----------------------|----------------------|
| PARTICULARS | 12 MONTHS | 12 MONTHS |
| CAPITAL & LIABILITIES: | | |
| CAPITAL: | | |
| Authorise capital | 2000000000.00 | 2000000000.00 |
| Subscribed capital & amount called and paid up | 666674346.00 | 641561687.00 |
| Reserved fund and other reserved | 659812990.00 | 515760513.75 |
| Principal/subsidiary state partnership fund account | 0.00 | 0.00 |
| Deposits and other account | 784480014.63 | 6862747217.79 |
| Borrowings | 642409936.00 | 691518514.00 |
| Bills for collecting being bills receivable as per contra | 189786.00 | 166463.00 |
| Branch adjustment | 4211613.06 | 4375721.30 |
| Interest suspense | 419246441.54 | 376782595.87 |
| Interest payable | 231311396.78 | 247679678.93 |

| | | |
|--|-----------------------|----------------------|
| Other liabilities & provisions | 134309955.64 | 99651638.75 |
| Profit & loss account | 0.00 | 0.00 |
| Contingent & liabilities | 0.00 | 0.00 |
| TOTAL CAPITAL & LIANILITIES | 10602846480.30 | 9421903982.28 |
| PROPERTY & ASSETS: | | |
| Cash and balance in current account | 566880691.02 | 446172186.23 |
| Deposits balance with banks | 2252485796.84 | 885299324.22 |
| Money at call and short notice | 0.00 | 1465732280.12 |
| Invetments | 1636792320.00 | 1335660990.00 |
| Investment out of the principal/ subsidiary state partnership fund | 0.00 | 0.00 |
| Advances: | | |
| Short-term | 2150983276.83 | 155649997.27 |
| Midium-term | 2892500142.27 | 2697107387.47 |
| Long-term | 106263.00 | 112263.00 |
| Interest receivable | 568577685.04 | 513856681.93 |
| Bills receivable being bills for collecting as per contra | 189786.00 | 166463.00 |
| Branch adjustment | 0.00 | - |
| Premises [less depreciation] | 140856578.00 | 53297549.00 |
| Fixed assets | 73091202.33 | 69180098.60 |
| Other assets | 207777921.43 | 195579384.35 |
| Non-banking assets | 0.00 | - |
| Profit & loss account | 112604817.54 | 204089377.09 |
| TOTAL PROPERTY & ASSETS | 10602846480.30 | 9421903982.28 |

Source from Nagaland State Cooperative Bank (NStCB), head office, Dimapur

2.5.1 Bar Graph for Balance Sheet for the Year 2018-2021

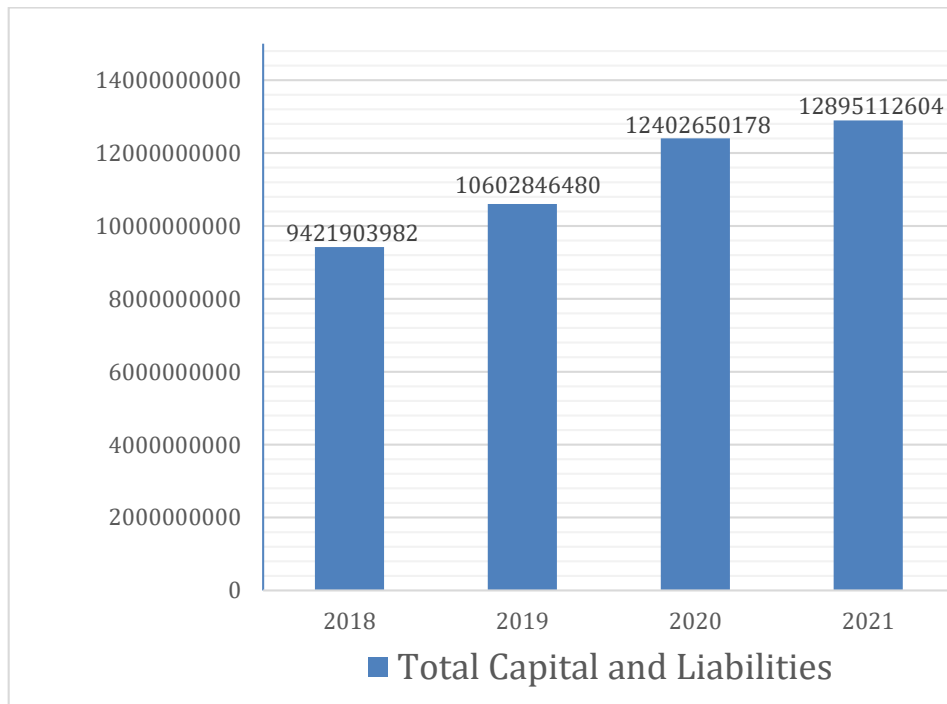


Fig. 1 Graph showing the Total Capital and Liabilities for the Year 2018-2021

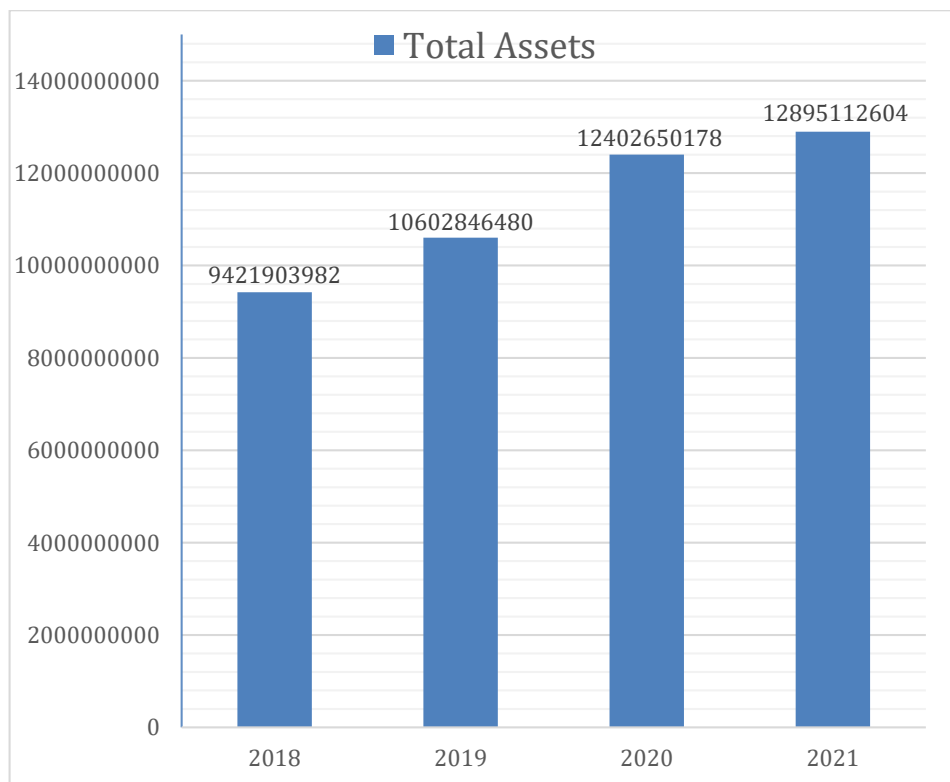


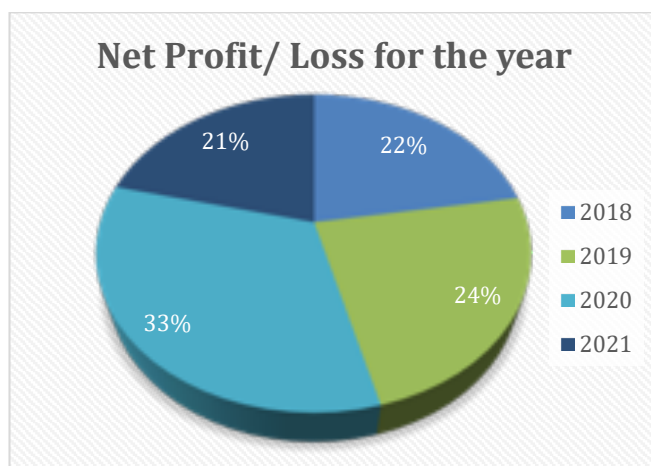
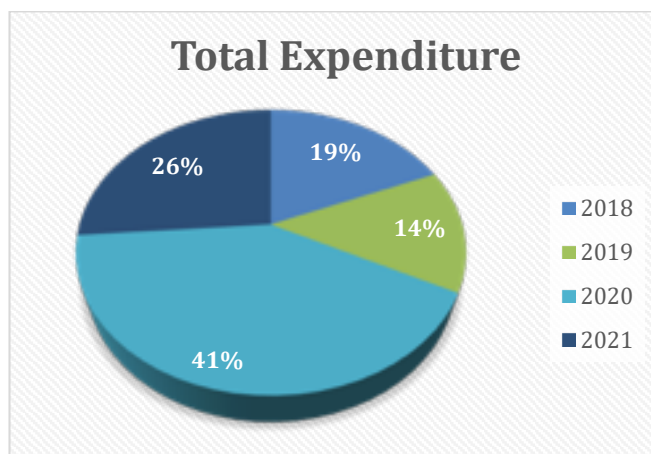
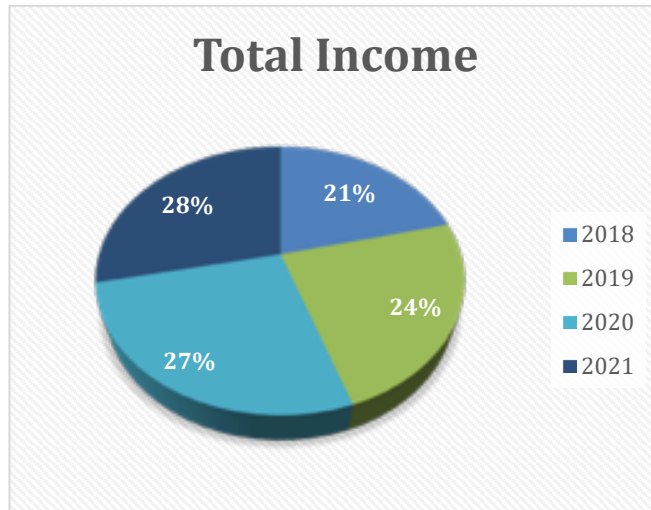
Fig. 2 Graph showing the Total Assets for the Year 2018-2021

**2.6 Nagaland State Cooperative Bank (NStCB) Ltd.
Profit & Loss Statement for the year 2018-2021**

| PROFIT & LOSS ACCOUNT | MAR 2021 | MAR 2020 | MAR 2019 | MAR 2018 |
|---|----------------------|----------------------|----------------------|---------------------|
| PARTICULARS | 12 MONTHS | 12 MONTHS | 12 MONTHS | 12 MONTHS |
| INCOME: | | | | |
| Interest on loans & advance | 636804222.21 | 633917163.62 | 556461409.68 | 494054526.27 |
| Interest on investment | 314511226.56 | 284556620.52 | 240291362.93 | 220814792.16 |
| Interest on inter branch | 355951434.00 | 284195996.00 | 263175219.00 | 248298808.00 |
| Other | 233457566.40 | 2015102.85 | 1997774.82 | 1668503.49 |
| Other income | 22952889.54 | 40669812.33 | 33801643.49 | 14562415.87 |
| TOTAL INCOME | 1315734643.32 | 1245354695.32 | 1095727409.92 | 979399145.79 |
| EXPENDITURE: | | | | |
| Interest paid on deposits, borrowings, etc. | 835726394.43 | 704558298.79 | 633229030.67 | 593114277.86 |
| Salaries, Allowances and provident fund contribution | 193896563.00 | 179514364.00 | 172812162.00 | 142708296.86 |
| Directors & local committee member's fees and charges | 1632476.60 | 5999179.00 | 1309604.00 | 849163.00 |
| Law charges | 193142.13 | 358001.48 | 5905614.77 | 5291676.50 |
| Postage, Telegram & Telephone charges | 1225170.03 | 258212.46 | 301663.69 | 568214.90 |
| Audit fee | 1745103.04 | 1154770.00 | 765149.00 | 919675.00 |
| Stationary, printing & advertisement, etc. | 55954455.43 | 2086632.09 | 3685194.84 | 3870782.77 |
| Depreciations on and repairs to property | 335787.28 | 46879246.19 | 39820179.75 | 26669181.18 |
| Loss from sale of or dealing with non-banking assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Other expenditure | 73671624.36 | 80108358.81 | 59118163.76 | 37735421.42 |
| Provisions | 94825431.00 | 959232251.90 | 87237972.57 | 81007382.19 |
| TOTAL EXPENDITURE | 1259718977.27 | 1982517158.51 | 670324635.05 | 892734071.68 |
| PROFIT BEFORE PRIOR PROVISION C/D | 81677254.82 | 127230397.60 | 91005700.55 | 86528073.82 |

Source from Nagaland State Cooperative Bank (NStCB), head office, Dimapur

2.6.1 Pie Chart representation of Profit and Loss Account for the Year 2018-2022



CHAPTER – 3

FINDING, SUGGESTION AND CONCLUSION

3.1 Findings

The bank has various banking branches across the states. They are doing its best into rural areas so as to expand and increase their working structure and management. The bank is trying its best to utilize their service to reach the common people in the field of giving financial assistance to promote industrial and entrepreneurship activities. Their income for the year in 2018-2021 increase year after year as compared to their activities in the past years.

The positions of the company is stable. Different strategies and other means of activities are being developed to promote their establishments continuously. The bank has a good reputation across the states in different districts and rural areas. They are the leading bank in giving financial support to SHGs, Farmers club, VDB link, Micro enterprises and other small and sick industries within the state.

3.2 Suggestion

The bank has been playing an important role in terms of giving credits and other loans facilities to both the private and government undertakings making its best to increase its lending and giving facilities. Yet, they have shortcomings like improper distributions of credit facilities, complicated mechanism for applying loans and so on. Their calculations and their interest rates displayed to the public is complicated for a person to understand.

The customers service cell is unsatisfactory for addressing the customers as and when needed. There was lack of information from the official website.

If the financial information is published in a proper systematic way and in different languages, it will be suitable for both educated and uneducated to understand. The banking branches also can improve its banking activities and facilities like ATM Services, penetrating its services in to rural areas in giving out short and long term loans. Following promotional strategy is also recommended. The Grievances of the customers should also be addressed in a given time and period .

3.3 CONCLUSIONS

It can be said that the Nagaland State Cooperative Bank Ltd. Is one of the developed financial institutions that has helped not only in long term activities. It has opened variety of institutions for promoting and developing the industries and economy as a whole. It has done various developmental and promotional activities like technical assistance, financial assistance, etc.

The Nagaland state Cooperative Bank Ltd. Played a pioneering role, particularly in the pre-reform era (1966-91), in catalyzing broad-based industrial development in India in keeping with its Government-ordained 'development banking' charter.

Nagaland State Cooperative Bank (NStCB) aim to offer credit to the common man at moderate interest rates, eliminating the dominance of private money lenders. Providing agricultural loans to farmers at low interest rates for the growth of the agricultural sector and allied activities. Providing easy access to credit for rural industries.

NStCB play a crucial role in rural financing, with funding of areas under agriculture, livestock, personal finance, self-employment, setting up of small-scale units among the few focus points for both urban and rural cooperative banks.

The main function of the NStCB is to provide loans to the primary cooperative societies. However, some loans are also given to individuals and others.

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<https://www.google.com>

<https://www.indianbankingsystem.com>