ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2017; 3(10): 01-02
www.allresearchjournal.com
Received: 01-08-2017
Accepted: 02-09-2017

Dheera IV
Co-Operative Arts and Science College Kallingal Lane, Thrissur, Kerala, India

Correspondence
Dheera IV
Co-Operative Arts and Science College Kallingal Lane, Thrissur, Kerala, India

Analysis of relationship between capital and profit of district co-operative bank Thrissur

Dheera IV

Abstract
Thrissur District Co-operative Bank Ltd is an India based bank. The bank was established in 1918. The aim of the study is to analysis the relationship between capital and profit of the bank. For this study data collected from the head office of district co-operative bank Thrissur. The data collected were then complied, tabulated and analyzed. Correlation is used to analyze the relation between capital and profit. The study is historical in nature. Data collection is done through secondary sources (Annual Reports, Websites etc.) After the study it reveals that Thrissur District Co-operative Bank's maintain relationship between capital and profit. But that's not a perfect relation.

Keywords: Capital, profit

1. Introduction
Finance have important role in every business activity. All business activity requires acquisition and use of funds for running the business unit commercially i.e. generating revenues over total cost incurred. Without funds no business activity can take a final shape in practice. Financial management refers to that part of the management activity, which is concerned with planning and controlling of firms financial resources. Procurement and utilization of fund is the main task of financial manager. Utilization of fund is important. Capital should be utilized properly. That means should make profit according to capital. The finance manager is required to select such a finance mix or capital structure, which maximize shareholders wealth.

2. Methodology
Correlation is used to identify the relation between capital and profit. The study is based on secondary data. Secondary data collected by annual reports.

2.1 Correlation
Correlation is used to study the relationship between two variables. A very simple definition of correlation is that given by A.M. Tuttle. He defines correlation as:"An analysis of the co variation of two or more variables is usually called correlation". In this study using Karl Pearson's Coefficient of correlation. Of the several mathematical methods of measuring correlation, the Karl Pearson's method, popularly known as Pearsonian coefficient of correlation, is most widely used in practice. The Pearsonian coefficient of correlation is denoted by 'r'. It is one of the very few symbols that are used universally for describing the degree of correlation between two series.

Analysis

Capital	587	580	524	812	1095
Profit	-573	521	860	239	424

X=capital (In ten lakhs)
Y=profit

X	X^2	Y	Y^2	XY
587	344569	-573	328329	-336351
580	336400	521	271441	302180
524	274576	860	739600	450640
812	659344	239	57121	194068
1095	1199025	424	179776	464280
X=3598	X^2=2813914	Y=1471	Y^2=1576267	XY=1074817

Karl Pearson's Coefficient of correlation (r)

$$=\frac{n\sum xy-(\sum x).(\sum y)}{\sqrt{[n\sum x2-(\sum x)2].[n\sum y2-(\sum y)2]}}$$

$$=\frac{5*1074817-(3598).(1471)}{\sqrt{[(5*2813914)-(3598)2].[(5*1576267)-(1471)2]}}$$

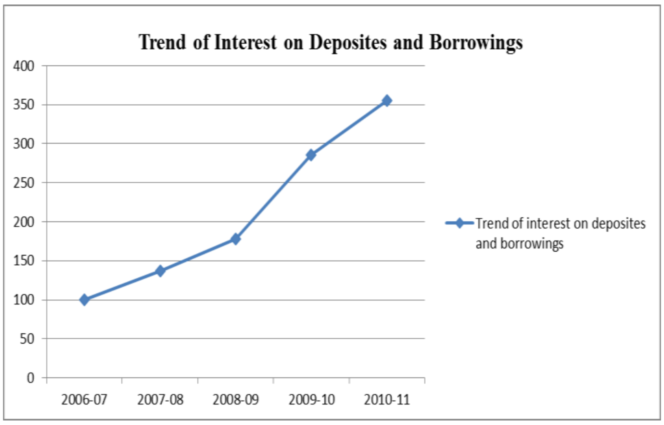
$$=\frac{81427}{\sqrt{1134760*5717494}}$$

$$=\frac{81427}{2547152.035} \quad =\underline{0.0319}$$

2.2 Table Showing Interest on Deposites and Borrowings

Years	Interest On Deposites And Borrowings	Trends (%)
2006-2007	546276613.90	100
2007-2008	747529868.29	137
2008-2009	972208849.82	178
2009-2010	1561329987.55	286
2010-2011	1938231661.62	355

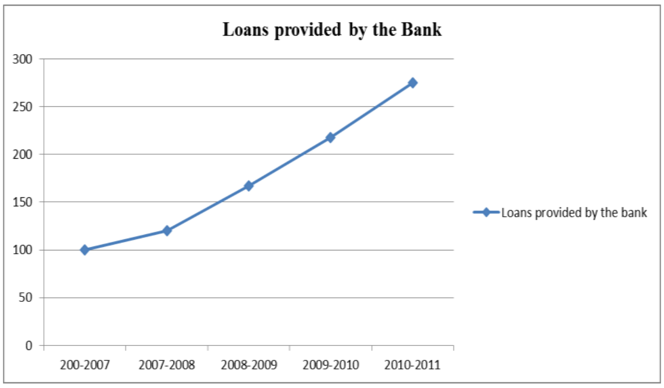
(**Sources;** District co-operative bank balance sheet)



2.3 Table Showing Loans Provided By the Bank

Years	Loanas	Trends (%)
2006-2007	5541909783.67	100
2007-2008	6666005453.89	120
2008-2009	9251211845.56	167
2009-2010	12094293184	218
2010-2011	15213366848.1	275

Sources: District co-operative bank balance sheet



3. Conclusion

From the correlation analysis find out that there is no exact relationship between capital and profit. And get the value0.03 that is not near to positive one. So we can't say that there is perfect positive correlation between variable. Their profit not increases accordance to capital. That is because of increasing expenses of bank. But they efficiently utilize their fund in the form of loan for generating income. And banks capital and profit are related, but they want to give some attention to increase profit accordance to capital.

4. Reference

1. Khan MY, Jain PK. Financial Management"fifth edition, Tata Mcgraw Hill publications, 2008
2. Kothari CR. Research Methodology- Methods and Thechniques revised edition published New Age International (p) Ltd., 4835/24, Ansari Road, Daryanagans, New Delhi-11002, 2001.
3. Sharma RK, Guptha K Shashi, Financial Management published Kalyan publishers, B-1/292, Rajinder Nagar, Ludhiana, 1998.
4. Sheeba Kabil, Kanwal Nayan Kapil. Financial Management, published K.K Mittal for PRAGATTI
5. Annual Reports of District Co-operative Bank Thrissur