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INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESIS (ES)

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

LIMITATIONS

SCOPE FOR FURTHER RESEARCH

REFERENCES

APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.

- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

FINANCIAL PERFORMANCE ANALYSIS: A COMPARATIVE STUDY OF HIMACHAL PRADESH STATE CO-OPERATIVE BANKS AND REGIONAL RURAL BANKS IN HIMACHAL PRADESH

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ABSTRACT

The present paper attempts to study the financial performance of HPSCB and RRB's in Himachal Pradesh. The study covers the period from ten years, i.e., 2007-08 to 2016-17. In the present study, to know these two banks' financial performance in the State of Himachal Pradesh, various parameters such as Debt coverage, Balance sheet, Management Efficiency, Profitability, Employee efficiency, and Non- performing assets parameter, etc. have been taken. The study is mainly focused on secondary data. Data has been analyzed with the tools such as mean, Standard Deviation, Covariance, and T-test. The present paper is conducted to study the financial performance of HPSCB and RRB's in Himachal Pradesh. The study covers the period from ten years, i.e., 2007-08 to 2016-17. In the present study, these two banks' financial performance in the State of Himachal Pradesh is assessed with various parameters such as Debt coverage, Balance sheet, Management Efficiency, Profitability, Employee efficiency, and Non- performing assets parameter, etc. have been taken. It is found that the Term loan to total advances ratio, investment to deposit ratio, Return on assets, Profit per employee, Gross NPA to Gross Advances ratio, Gross NPA to Gross Assets ratio, Deposit to total liabilities ratio, and Cost of deposits ratio have been higher for Himachal Pradesh State Co-operative bank as compared to Regional Rural Bank during the study period. Demand and saving bank deposit ratio and Priority Sector Advances ratio have been found higher for Regional Rural bank than Himachal Pradesh State Co-operative Bank. In case of Interest income ratio, interest on their advances, the potential return on their investment, net worth, Cost of borrowing ratio to total borrowings ratio, cost of fund ratio, Net Non Performing Assets to Net Advances ratio, business per employees and Ratio of other income is not found any significant difference between both banks.

KEYWORDS

HPSCB, RRB, financial performance, debt coverage, management efficiency, profitability, employee efficiency.

JEL CODES

G21, M10, M41.

INTRODUCTION

The banking sector is the lifeblood of any economy. It is one of the essential factors of the financial industry, which plays a vital role in an economy's functioning. The Scheduled commercial banks are divided into SBI and its Associate's banks, Nationalized, Foreign banks, Private sector banks, and Regional Rural Banks. The first Regional Rural Bank was set with the name of 'Prathama Grameen Bank' at Moradabaad under Syndicate Bank's sponsorship. The bank's main purpose was the development of the rural poor by agriculture credit and other facilities, particularly to small and marginal farmers. The first RRB was set up as named 'Himachal Grameen Bank 'on 23rd Dec 1976 in the district of Mandi in H.P. under Punjab National Bank's sponsorship. The second bank was set up as named as 'Parvatiya Grameen Bank' in the district of Chamba1. It was established on 2nd Nov. 1985 under the sponsorship of the State Bank of India. Parvatiya Grameen and Himachal Grameen Bank were merged in the Year 2013, and the new bank 'Himachal Pradesh Grameen Bank' has been established, which was worked on the ratio of 50:15:35, i.e., the Central Govt. State Govt. and Sponsored banks. The agriculture sector has been benefited from co-operative banking since the inception of co-operative legislation. At the grass-root level, there are many co-operative societies that help solve the financial need of the rural people. District central co-operative banks help these societies to raise money by way of loans. There are State co-operative banks that are functioning at the Apex level. There is three-tier of co-operative societies which are functioning in the economy of Himachal Pradesh. At the time of independence and the formation of Himachal Pradesh In the year 1948, there were huge banking societies in the State, i.e., Mahasu Central co-operative bank, Chamba Co-operative bank, and Mandi Central co-operative bank. In 1954 they were merged with H. P. State Co-operative bank after recognizing the State of Punjab, Haryana, and Himachal Pradesh. Two other banks, i.e., Kangra Central Co-operative Bank and Jogindra Central Co-operative Bank, were set up in the particular area, which was transferred from Punjab to Himachal Pradesh in November 1966. In 1955, a joint-stock bank, i.e., Bank of Sirmour, was merged in it. At present, Himachal Pradesh State Co-operative Bank is performing a dual function, i.e., as an Apex co-operative and playing the lead role in Co-operative development in six districts of the State. It was registered on 21st August 1953 under the Co-operative Societies Act 1912 with Mahasu Central Co-operative and Chamba Co-operative bank merger.

REVIEW OF LITERATURE

Jain (2001) done a comparative performance analysis of District Central Cooperative Banks (DCCBs) of Western India, namely Maharashtra, Gujarat, and Rajasthan, and found that DCCBs of Rajasthan have performed better in terms of profitability and liquidity as compared to Gujarat and Maharashtra.

Bansal (2005) studied the impact of Liberalization on Productivity and Profitability of Public sectors Banks in India" and concluded that the State Bank of India remained the leader followed by SBOP in almost every years of the study.

Dr. Pal & Singh, (2006) in the study "Efficiency of Regional Rural Banks (RRBs) in India: A Conventional Analysis" assesses the growth pattern of RRBs; and found that the overall position of RRBs in India is not quite satisfactory due to the poor credit-deposit ratio.

Mamatha, (2008) in her study "Performance of Urban Co-operative Banks in Karnataka- A Financial Analysis" attempts to examine the financial performance, problems faced by the banks, and the growth of urban co-operative banks in Karnataka and concluded that the major problems of the banks are over dues, competitions from other commercials, private and public sector banks.

Elango & Kumar (2009) revealed that the new generation of the private sector and foreign banks are being fully aware of customer service. The study also suggests that the public sector banks should improve their approach towards customers to perform better.

Selvakumar, (2010) concluded that the performance of Regional Rural Banks in Tamilnadu State is much better as compared to the RRB's performance in India.

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Nikam, (2011) has attempted the "Performance of the Himachal Pradesh Apex Bank" analyzed the performance of the Co-operative banking system in Himachal Pradesh, and concluded that the Apex bank has innovated and implemented the loan schemes where it suited to all the requirement of weaker section.

Singh &Tondan (2012) attempted to examine the financial performance of SBI and ICICI banks. The study concluded that SBI was financially sound as compared to the private sector bank ICICI.

Ravindra, & Murthy (2013) studied the "Performance & Evaluation of Urban Co-operative Banks in India" analyzed the performance of urban co-operative banks in India and concluded that the performance of Urban Co-operative banks had improved a lot.

Nancy & Kanika (2013) has conducted a study entitled "Financial Performance Evaluation of Regional Rural Banks In India" studied the growth pattern, financial performance of Regional Rural Banks from the period 2006 to 2012.

Rao (2014) attempted to analyze the performance of the Private and Public sector banking system and concluded that HDFC Bank was performing well and financially soundly than SBI but in the context of deposits and expenditure both banks have better managing efficiency.

Singh &Pawan (2016) concluded that the financial performance of HDFC banks is better than Punjab National Bank.

Deep (2017) concluded that the Regional Rural Banks conditions were not satisfactory before amalgamation but after amalgamation, the banks have achieved a significant reduction in their NPA and increased profitability.

Kaur (2018) has conducted a comparative study on the performance of the selected public sector and private sector banks in India. The study concluded that that the private sector banks are performing better than the public sector during the study period.

Kumar (2019) attempted in "A Study on Co-operative Banks in Himachal Pradesh with Special References to Lending Practices." The study concluded that a co-operative bank plays a significant role in the development of the State with increase branches of the bank in rural areas.

K. Jyotirmay (2019) in her study "Analysis of Financial Position and Performance of Public & Private sector Banks in India: A Comparative study on SBI and HDFC banks" studied the financial position performance and efficiency of the public and private sector banks. The study concluded that HDFC bank has higher net profit ratio, net profit per employees, assets turnover ratio, dividend per share and earnings per share, return on assets as compared to public sector bank State Bank of India.

OBJECTIVE OF THE STUDY

The objective of the study is to compare the Financial Performance of the Himachal Pradesh State Co-operative and Regional Rural Banks in Himachal Pradesh.

RESEARCH METHODOLOGY

The reference period is from 2007-08 to 2016-17. The study is mainly based on secondary data. The data was collected from the bank's annual reports and various internet websites. The financial performance of RRB and HPSCB has been shown with the help of parameters like Debt Coverage Parameters, Balance Sheet Parameters, Profitability Parameters, Employee Efficiency Parameters, and Management Efficiency Parameters. Data has been analyzed with the tools such as mean, Standard Deviation, Covariance, and T-test.

FINDINGS OF THE STUDY

DEBT COVERAGE PARAMETER

Debt coverage parameter focuses on bank's ability to fulfill demand of cash by their customers. It can also be considered as liquidity parameters. It contains the different ratios as under:

TABLE 1: DESCRIPTIVE STATISTICS AND RESULTS OF T-TEST FOR DEBT COVERAGE PARAMETER

Type of Bank	Mean	Minimum	Maximum	Std. Deviation	Coefficient of variation (%)	Test of Homogeneity of Variance		T-Test	
						Levene Statistic	Sig.	t-Statistic	Sig.
Investment to Deposit Ratio									
RRB	28.61	20.80	40.50	5.84	20.41	57.53	.000	-3.145	.006
HPSCB	53.50	22.70	78.00	24.33	45.47				
Credit to Deposit Ratio									
RRB	36.49	22.40	42.50	7.16	19.62	.015	.905	-2401	.027
HPSCB	44.24	33.30	53.20	7.2693	16.43				
Demand & Saving bank deposit Ratio									
RRB	38.98	33.60	43.50	3.09	7.92	2.218	.154	4.397	.000
HPSCB	31.19	24.70	38.50	4.67	14.97				
Deposit to total liabilities ratio									
RRB	2.08	.70	3.30	.80	38.51	1.973	.177	-8.653	.000
HPSCB	4.58	4.00	5.10	.433	9.58				

Investment to Deposit ratio is one of the important ratios used for measuring the financial efficiency of the bank. Higher the ratio, better it is. The table reveals that the mean value of the investment to deposit ratio is 28.61% for RRB and 53.50%for HPSCB. As far as co-efficient of variation is concerned, it has been found lower for RRB in comparison to HPSCB. Further, table shows that significance level of Levene's statistics for equality of variance is equal to.000 so, the null hypothesis of equality variance between the banks is rejected. Therefore, it is assumed that variances of the population from which samples are extracted are not equal. Hence, the result of t-test for Investment to Deposit ratio is based on the assumption of unequal variances. The t value is found significant at 5% level of significance and the null hypothesis is rejected. Hence, it indicates that there is a significant difference in the financial performance of investment to deposit ratio between both banks. In this parameter HPSCB has shown better performance as compared to RRB. The mean value of credit deposit ratio is 36.49% for RRB and 44.24% for HPSCB. The null hypothesis of homogeneity of variance for the credit deposit ratio between the banks has not been rejected as the significance value of Levene's statistic has been found higher than 5% level of significance. Therefore, it is assumed that variances of the population from which samples extracted are equal and table shows the results of t-test for the assumption of equal variances. Further, t value is found significant at 5% level of significance. It indicates that there is a significant difference between the Credit to deposit parameter of both banks. It can be concluded that HPSCB has shown better performance as compared to RRB and the bank may be earned as much as they could be. The mean value of demand and savings bank deposit ratios of RRB has been worked out 38.98% whereas, the mean value of demand and savings bank deposit ratios of HPSCB is 31.19%, which depicts that it is higher for RRB. Further, table 1 indicates that the significance value level of Levene's statistics for equality of variances is equal to 0.154, which suggests that the null hypothesis for equality of variances is accepted. Therefore, it is assumed that variances of the population from which samples extracted are equal. It is clear from the table that the value of t-statistics for the ratio of demand and savings bank deposits is 4.397 and the p-value for the t-test is 0.000, which is less than 0.05. Hence, the null hypothesis has been rejected. RRB has been shown better performance in term of Demand and Saving bank deposit as compared to HPSCB, the mean value of the ratios of deposit to total liabilities is 2.08% for RRB and 4.58% for HPSCB. It shows that the mean value of the ratio of deposit to total liabilities is higher for HPSCB. The calculated values of coefficient of variation in the case of RRB are 38.51% and 9.58% of HPSCB. It reveals that the coefficient of variation is lower for HPSCB as compare to RRB. It clearly shows that the ratio of deposit to total liabilities is concerned HPSCB has been more consistent as compare to RRB. Levene's test is used to check the homogeneity of the variable for RRB and HPSCB. The null hypothesis of homogeneity of variance of population from which samples are extracted are equal and the null hypothesis of homogeneity of variance for the ratio of deposit to total liabilities between the banks has not been rejected as the significance value of Levene statistic is higher than.05. Hence, table 1 provides the results of t-test for the ratio of deposit to total liabilities for the assumption of equal variances. Further, t value is found

significant at 5% level of significance. It indicates that there is a significant difference between the banks in terms of deposit to total liabilities ratio. Based on the above analysis, it can be concluded that the ratio of deposit to total liabilities is concerned, RRB has shown better performance as compared to HPSCB and the bank have the enough liquidity to cover any unforeseen fund requirement.

BALANCE SHEET PARAMETERS

These set of parameters evaluate the strength of bank's balance sheet. These are not only judge the assets and liabilities of bank's but also judge the priority sector advances, secured advances and term advances of the banks.

TABLE 2: DESCRIPTIVE STATISTICS AND RESULTS OF T-TEST FOR BALANCE SHEET PARAMETERS

Type of Bank	Mean	Minimum	Maximum	Std. Deviation	Coefficient of variation (%)	Test of Homogeneity of Variance		T-Test	
						Levene Statistic	Sig.	t-Statistic	Sig.
Priority Sector advances to total advances Ratio									
HPGB	82.91	66.70	91.30	7.99	9.69	3.859	.067	6.560	.000
HPSCB	36.54	.00	60.80	19.63	53.72				
Term loan to total advances Ratio									
HPGB	50.79	41.00	56.50	5.35	10.53	1.054	.318	4.800	.001
HPSCB	74.53	32.80	81.70	14.69	19.71				

The table 2 presents the mean value of priority sector advances ratio is 82.91percent for RRB and 36.54 percent for HPSCB. It shows that the mean value of the priority sector advances ratio is higher for RRB. As far as coefficient of variation is concerned, it has been found lower for HPSCB in comparison to RRB. The null hypothesis of homogeneity of variance for the ratios of priority sector advances between the banks has not been rejected as because the significance value of Levene's statistics is higher than.05. Therefore, it is assumed that variance of the population from which sample extracted are equal. Hence, the results of t-test for ratios of priority sector advances are based on the assumption of equal variances. Further, t-value is found significant at 5% level of significance. It indicated that there is a significant difference in the financial performance of RRB in comparison to HPSCB in terms of priority sector advances ratio and the RRB has been shown better performance as compared to HPSCB in term the given parameter. The descriptive statistics and results of t-test for the ratio of term loan to total advances have also been presented in the table 2. It is clear from the table that the mean value is higher for HPSCB. The significance value of Levene's statistics in this case is more than table value at 5% level of significance Hence, null hypothesis for equality of variance is accepted. Further, it can be said that table 2 shows the results of t-test for the assumption of equal variances. The value of t-statistics is 4.8 and the p-value for the t-test is.001 which is less than 0.05 level of significance so, the null hypothesis is rejected. On the basis of the analysis, it can be concluded that there is a significant difference in the financial performance in term of ratio of term loan to total advances parameter between both banks. The HPSCB has shown better performance in term of the term loan to total advances parameter.

MANAGEMENT EFFICIENCY PARAMETERS

These ratios evaluate the management's ability to utilize their assets for generating revenue in the form of interest income, operating income and other income or non-interest income etc.

TABLE 3: DESCRIPTIVE STATISTICS AND RESULTS OF T-TEST FOR MANAGEMENT EFFICIENCY PARAMETERS

Type of Bank	Mean	Minimum	Maximum	Std. Deviation	Coefficient of variation (%)	Test of Homogeneity of Variance		T-Test	
						Levene Statistic	Sig.	t-Statistic	Sig.
Ratio of Interest income									
HPGB	6.870	1.10	8.10	2.0864	30.36	2.318	.145	-1.571	.134
HPSCB	7.940	7.20	8.70	.53583	6.675				
Other Income to total assets									
HPGB	.255	.00	.60	.181	70.83	.064	.804	.379	.710
HPSCB	.222	.10	.70	.192	86.50				

Banks lend money in the form of loans and advances to their borrowers and receive interest on it. This interest is called interest income. The results of descriptive statistics and t-test for interest income have been presented in table 3. The table enumerates that the mean value of interest income ratio is higher for HPSCB i.e. 7.94 percent as compare to RRB. The value for Levene's statistics has been greater than 0.05, which shows that null hypothesis is accepted. Therefore, it is assumed that variance of the population from which samples are extracted are equal. The t- statistics is 2.318 and the p-value for t-test is 0.134 which is higher than 5% level of significance. Hence, the null hypothesis is accepted, it can be concluded that there is no significant difference in the interest income of these banks. Both banks earned equal interest income as their assets. The descriptive statistics and results of t-test for ratio of other income to total assets have also been shown in table 3. The table reveals that the mean value of other income is.25 percent for RRB and.22 percent for HPSCB. It is clear from the table that RRB's have higher mean value with lower coefficient of variation. It indicates that the RRB has more consistency and stability in terms of other income. The significance value of Levene's statistics in this case is more than.05, so the null hypothesis for equality of variance is accepted. The value of t-test is.379 and the p-value for the t-test is.710 which is greater than 5% level of significance, so the null hypothesis is accepted. On the basis of the above analysis, it can be said that there is no significant difference in the financial performance of RRB and HPSCB as given parameter. Both banks earned approximately similar amount of other income as their total assets.

PROFITABILITY PARAMETERS

There set of parameters to evaluate the profitability of the banks such as Cost of deposit, Return on Assets, Return on equity, Cost of Borrowing, Cost of Funds, Return on Advances and Return on investments etc.

TABLE 4: DESCRIPTIVE STATISTICS AND RESULTS OF T-TEST FOR PROFITABILITY PARAMETERS

Type of Bank	Mean	Minimum	Maximum	Std. Deviation	Coefficient of variation (%)	Test of Homogeneity of Variance		T-Test	
						Levene Statistic	Sig.	t-Statistic	Sig.
Cost on deposit									
HPGB	5.21	.90	6.70	1.69	32.43	4.005	0.61	-2.471	.024
HPSCB	6.57	5.90	7.00	.408	6.21				
Cost of Borrowings									
HPGB	4.02	.60	7.60	2.10	52.35	.958	.342	.160	.875
HPSCB	3.88	2.30	6.30	1.05	27.35				
Cost of fund									
HPGB	4.978	.90	6.60	1.68	33.74	2.28	.150	-2.124	.050
HPSCB	6.255	4.90	6.90	.643	10.27				
Return on Equity									
HPGB	6.56	.20	10.40	3.632	55.33	14.20	.001	1.773	.103
HPSCB	8.72	6.70	11.20	1.28	14.67				
Return on Assets									
HPGB	.3000	.00	.60	.205	68.33	.464	.504	-4.317	.000
HPSCB	.6700	.50	1.10	.176	26.26				
Operating Profit									
HPGB	5.03	.90	6.10	1.613	32.04	2.444	.138	-3.024	.008
HPSCB	6.72	5.90	7.40	.4521	6.72				
Return on Advances									
HPGB	9.57	1.30	12.60	3.21	33.57	2.256	.153	.346	.734
HPSCB	9.20	8.40	10.10	.63	6.84				
Return on Investment									
HPGB	1.29	.00	2.20	.8130	63.02	9.243	.007	.325	.090
HPSCB	1.200	0.90	2.00	.3266	27.21				

The table 4 shows that the mean value of cost of deposit is 5.21 percent for RRB and 6.57 percent for HPSCB. It makes clear that the mean value of the cost of deposit is higher for HPSCB. As far the coefficient of variation is concerned, it has been found lower for HPSCB. The significance value for Levene's statistics has been found higher than.05, so the null hypothesis for equality of variance is accepted. Therefore, it is assumed that variations of the population from which samples are extracted are equal. The p-value for the t-test is 0.024 percent which is lower than 0.05 level of significance. On the basis of above analysis, it can be concluded that there is a significant difference in the cost of deposit ratios between both banks and HPSCB has performed well in this parameter as compared to RRB. The descriptive statistics and results of t-test for cost of borrowings in respect of RRB and HPSCB from 2007-08 to 2016-17 have also been shown in table 4. The null hypothesis of homogeneity of variance for the ratio of cost of borrowing between the banks has not been rejected as the significance value of Levene's statistic is higher than.05. Therefore, it is assumed that variances of the population from which samples are extracted are equal. Further, t value is found insignificant at 5% level of significance. It indicates that there is no significance difference in the financial performance of RRB in comparison to HPSCB in terms of cost of borrowings. It can be concluded that the RRB has performed better as compared to HPSCB in term of cost of borrowing ratio during the study period. Table 4 also represents the descriptive statistics and result of t-test for cost of funds in respect of RRB and HPSCB from the year 2008-09 to 2016-17. It is clear from the table that the HPSCB has the higher mean value of cost of funds i.e. 6.255 percent as compared to RRB. Further, the value of t-statistics has been found significant and the null hypothesis is rejected. On the basis of above analysis, it can be said that there is a significant difference between the mean value of cost of funds in respect of RRB and HPSCB. The HPSCB has performed well in term of cost of funds ratio as compared to RRB during the period under study. Return on equity is the profitability ratio that measures the ability of a firm to generate the return on shareholders' investment in the company. The descriptive statistics and results of t-test for RRB and HPSCB have been presented in table 4. The table highlights that the mean value of the return on equity is higher for HPSCB. The null hypothesis of homogeneity of variance for the return on equity ratio between the banks has been rejected because the significance value of Levene's statistics is lower than.05. Therefore, it is assumed that variance of the population from which samples extracted are not equal. Thus, the table 4 shows the results of t-test for the assumption of unequal variances. Further, t-test has been found insignificant at 5% level of significance. It indicates that there is no significant difference in the financial performance of return on equity between both the banks. The return on assets ratio is a profitability ratio that measures the net income produced by total assets during a period. The descriptive statistics and results of t-test for return on assets from the year 2007-08 to 2016-17 have been shown in table 4. The table reveals that the HPSCB has the higher mean value with coefficient of variation. The null hypothesis of homogeneity of variance for the ratio of return on assets between the banks has not been rejected because the significance value of Levene's statistic is higher than.05. Therefore, it is assumed that variances of the population from which samples are extracted are equal. Hence, table 4 provides that the results of t-test for the assumption of equal variances. It is also concluded that the t-value is found significant at 5% level of significance. It indicates that there is a significant difference in the financial performance of HPSCB as compared to RRB in terms of return on assets ratio and HPSCB has performed better as compared to RRB. Operating profit is the measure of profitability of business. The descriptive statistics and results of t-test in term of operating profit for RRB and HPSCB from 2008-09 to 2016-17 have been given in table 4. The mean value of operating profit was higher for HPSCB with lower coefficient of variance. It clearly shows that the HPSCB has been more consistent as compared to RRB. It also reveals that the null hypothesis of homogeneity of variance for operating profit ratio between the banks has not been rejected because the significant value of Levene's statistics is greater than 5% level of significance. Therefore, it is assumed that variance of the population from which samples have been extracted are equal. It indicates that there is a significant difference in the financial performance between both banks in term of operating profit ratio and HPSCB has shown better performance as compared to RRB. Table 4 presents the descriptive and results of t-test of return on advances for RRB and HPSCB from the year 2008-09 to 2016-17. It is clear from the table that the mean value is higher for RRB (9.57%) with higher coefficient of variation. The t-value is found insignificant at 5% Level of significace. It indicates that there is no significant difference in the financial performance of RRB and HPSCB in terms of return on advances ratio both banks earn equal return on their advances. The result of t-test has also been shown in table 4. It is clear from the table that mean for return on investment ratio is 1.29 % for RRB and 1.20% for HPSCB. It makes clear that the mean value is higher for RRB. Further, t-test is found insignificant at 5% level of significance and the null hypothesis is accepted. Hence, it indicates that there is no significance difference in the financial performance of RRB in comparison to HPSCB in term of return on investment ratio.

EMPLOYEE EFFICIENCY PARAMETER

The profitability of any organizations are largely depends upon their efficient employees. It is the most important parameter for any organization. The set of parameters deals with the measurement of the efficiency of bank's employees. Although it is injustice to measure employee's efficiency in quantitative form such as business per employee, profit per employee.

TABLE 5: DESCRIPTIVE STATISTICS AND RESULTS OF T-TEST FOR EMPLOYEE EFFICIENCY PARAMETER

Type of Bank	Mean	Minimum	Maximum	Std. Deviation	Coefficient of variation (%)	Test of Homogeneity of Variance		T-Test	
						Levene Statistic	Sig.	t-Statistic	Sig.
Business per Employee									
HPGB	626.74	479.1	870.0	136.18	21.72	.008	.931	.322	.751
HPSCB	606.28	358.2	810.0	147.49	24.32				
Profit Per Employee									
HPGB	1.189	0.03	0.54	1.175	98.82	.107	.747	-3.408	.003
HPSCB	3.269	3.03	5.45	1.530	46.80				

Business per employee for RRB and HPSCB from 2007-08 to 2016-17 have been presented by table 5. The table reveals that the mean value of business per employee is 626.74 for RRB and 606.28 for 606.28 which makes clear that the RRB has the higher performance in business per employee parameter with the lower standard deviation and coefficient of variation. It indicates that RRB has more consistency and stability as their business per employee parameter. The null hypothesis of homogeneity of variance for business per employee between banks has been accepted because the significance value for Levene's statistic is higher at 5% level of significance and it is clear that variance of the population from which samples are extracted are equal. Furthermore, the t-test is not significant at 5% level of significance. Profit per employee is an important parameter to measures the efficiency of the bank. The results of t-test and descriptive statistics for profit per employee parameter in respect of RRB and HPSCB from the period 2007-08 to 2016-17 have been presented in table 5. The table shows that the mean value is higher for HPSCB i.e. 3.269% with lower standard deviation and coefficient of variance. It is clear from the table that the HPSCB has the higher rate profit per employee with more consistency and stability as compared to the other bank i.e. RRB. The null hypothesis of homogeneity of variance for profit per employee ratio between the banks has been accepted because the calculated value of levene's statistic is higher than 5% level of significance. Hence, the variances of the population from which samples are extracted are equal. It shows the results of t-test for the assumption of equal variances. Furthermore, the t-test is found significant and null hypothesis is rejected and there is the significant difference in this parameter between both banks because the t-value is found lower at 1% and 5% level of significance.

CONCLUSION AND SUGGESTION

From the above analysis the followings outcomes are found on the financial performance of Regional Rural Band and Himachal Pradesh State Co-operative Banks. The present study is conducted with the purpose to study the financial performance of HPSCB and RRB's in Himachal Pradesh. The study covers the period from ten years i.e. 2007-08 to 2016-17. In the present study the financial performance of these two banks in the State of the Himachal Pradesh is assessed with different various parameters such as Debt coverage, Balance sheet, Management efficiency, Profitability, Employee efficiency and Non- performing assets parameter etc have been taken. It is found that the Term loan to total advances ratio, investment to deposit ratio, Return on assets, Profit per employee, Gross NPA to Gross Advances ratio, Gross NPA to Gross Assets ratio, Deposit to total liabilities ratio and Cost of deposits ratio have been higher for Himachal Pradesh State Co-operative bank as compared to Regional Rural Bank during the study period. Demand and saving bank deposit ratio and Priority Sector Advances ratio have been found higher for Regional Rural bank as compared to Himachal Pradesh State Co-operative Bank. In case of Interest income ratio, interest on their advances, potential return on their investment, net worth, Cost of borrowing ratio to total borrowings ratio, cost of fund ratio, Net Non Performing Assets to Net Advances ratio, business per employees and Ratio of other income is not found any significant difference between the both banks.

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