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A Study of Financial Performance and Non-Performing Assets of The Quepem Urban Multipurpose Co-Operative Society Ltd.

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ABSTRACT

The present study examines the financial performance and NPA management of The Quepem Urban Multipurpose Co-operative Society Ltd., Goa, for the period from 2020–21 to 2024–25. The study is based on secondary data collected from the annual reports and financial statements of the society. Various financial indicators such as paid-up share capital, reserves and surplus, deposits, loans and advances, working capital, productivity, net profit, and Non-Performing Assets (NPAs) were analysed using descriptive and comparative techniques. The findings reveal a steady growth in membership, share capital, reserves, deposits, and working capital, indicating expansion in operations and increasing confidence among members. Although net profit showed fluctuations during the study period, the overall financial position of the society remained satisfactory. The analysis of Gross NPA, Provision for NPA, and Net NPA indicates that asset quality improved in the later years, supported by effective recovery measures and prudent credit risk management. The decline in Gross and Net NPA ratios by 2024–25 reflects enhanced financial discipline and stronger asset management practices. The study concludes that the society has maintained sound financial health and operational efficiency through effective financial management and NPA control, thereby ensuring sustainable growth and long-term stability.

Keywords: Financial Performance, Non-Performing Assets (NPAs), Cooperative Society, Asset Quality, Deposits, Loans and Advances, Financial Stability.

INTRODUCTION

A cooperative society is a voluntary group of Individuals who come together to archive common economic, social, or cultural goals by Sharing resources, and working together for mutual benefit. Unlike traditional businesses that aim to maximize profit for outside investors, a cooperative society is based on democratic principles. Every member has an equal vote, and the emphasis is on community welfare, fairness, and active participation by members.This setup encourages inclusivity and transparency as anyone with common interest can join, and profits are shared based on participation instead of how much capital someone contributes.

The cooperative act that applies in India varies based on location and type of society. Most local single-state cooperatives are governed by the states. Cooperative Societies Act, 1960 for Maharashtra Societies that operate in Multiple State must follow the Multi-State Cooperative Society Act, 2002. along with its amendments. Also, the 97th Constitutional Amendment from 2011 supports the formation and regulation of Cooperative Societies. It splits legislative power between Parliament for Multi-State cooperative and State legislative for others.

As of October 2nd, 2025 there are 5,561 primary cooperative societies registered in Goa. This number includes cooperatives from variety of Sectors, Such as agriculture, fishers, housing and banking. The purpose of this study is to examine the role and performance of The Quepem Urban Multipurpose Co-operative Society Ltd, Goa**,** in promoting financial inclusion and community development. The study seeks to understand how a cooperative society functions, the various financial services it provides, and its contribution to the economic well-being of its members

OBJECTIVES OF THE STUDY:

a) To know the concept of cooperative society.

b) To gain an in-depth understanding of Quepem Urban Multipurpose Co-operative Society.

c) To study the financial performance of the co-operative society.

SCOPE OF STUDY:

Study is focus only on Balli Branch of "The Quepem Urban Multipurpose Society Ltd located in Goa.

Review of literature

Shaik, Rangarao, & Devi (2025): This research paper examines the financial performes and operational efficiency of selected co-operative societies, focusing on their growth, profitablity, liquidity, and management practices. Using financial ratios and comparative analysis over a specific study period, the paper evaluates strengths and weaknesses in their fuctioning. The findings highlight moderate performance with scope for improvement in resource utilisation and financial planning. The study concludes by emphasizing better management strategies, transparency, and policy support to enhance sustainability and long-term stability of co-operative institutions.

Koteshwari & Sudha (2018): The research paper "Co-Operative Societies in India: An Overview" by P. Koteswari and K. Sudha examines the history, growth, structure, and significance of co-operative societies in India. It highlights their principles, types, and contributions to agriculture, rural development, employment, and social welfare. The study also discusses government support, economic impact, and challenges such as mismanagement, political interference, and lack of awareness. The paper concludes that co-operatives remain vital for poverty alleviation and inclusive, sustainable economic development in India.

Joshi&Sankaranarayanan (2016): According to Ashish M. Joshi and K.G Sankaranarayanan (2016), in their paper Service quality & customer satisfaction among the selected state cooperative and multi-state cooperation banks in Goa- A study. The research reported that multi-state cooperative bank showing higher level of service quality than state cooperative banks but the gaps are appear in responsiveness, empathy and assurance. The authors also stress on the demand for provisioning a better quality services as customer satisfaction and competitiveness in banking industry both are concerned.

Sahoo, Meher, Panda, Sahu, & Barik (2020): The research paper "Critical Review on Cooperative Societies in Agricultural Development in India" by Alok K. Sahoo and co-authors examines the role of cooperative societies in strengthening agricultural development in India. It highlights their contribution in credit distribution, input supply, processing, storage, and marketing through institutions like PACS, IFFCO, and KRIBHCO. The study discusses policy evolution, operational status, and challenges such as political interference and poor management, while suggesting reforms like professionalism, digitization, good governance, and value-chain development for sustainable rural growth.

MEANING CO-OPERATIVE SOCIETY

A cooperative society is a voluntary association of persons who come together with the motive of mutual welfare rather than just earning profit. It is based on the principle of "Each for all and all for each."

While "Corporate" usually refers to profit-driven companies, a Cooperative Society is a unique "body corporate" (a legal entity) where people join together voluntarily to meet common economic or social needs.

2.3 EMERGENCE OF CO-OPERATIVE SOCIETY

The emergence of cooperative societies was not a sudden event but a gradual evolution born out of economic necessity, social distress, and the desire for mutual protection against exploitation. This movement can be traced from its roots in the Industrial Revolution in Europe to its structured growth in India.

a) Global Origins: The Industrial Revolution

The modern cooperative movement began in the early 19th century as a response to the Industrial Revolution in Britain. During this time, workers faced extreme hardships: low wages, unsafe working conditions, and the high cost of adulterated food sold by private traders.In the year 1844 a group of people consisting of 28 weavers in Rochdale England has joined the force in order to form Rochdale society. By pooling their modest savings, they opened a shop that provided unadulterated food at fair prices. They also set out the "Rochdale Principles," including democratic member control and the equitable distribution of surplus—foundations that continue to guide cooperatives around the world today.

b) Emergence in India: Fighting Rural Debt

In India, the cooperative movement took shape in the late nineteencentury as a response to severe rural indebtedness. Many farmers were caught in a cycle of borrowing from moneylenders, made worse by recurring famines. To tackle this crisis, the British administration appointed a Frederick Nicholson, who proposed adopting the German Raiffeisen-style system of agricultural credit cooperatives. Acting on these recommendations, the government enacted cooperative credit societies act 1904, creating the first legal framework for cooperatives in India. While early societies focused mainly on providing loans, the 1912 legislation broadened their scope to include non-credit activities such as housing and marketing.

In India, the movement emerged at the end of the 19th century to combat rural indebtedness. Farmers were trapped in a vicious cycle of debt created by moneylenders and recurring famines. To address this, the British government made a appointment of Frederick Nicholson who recommended a system based on the German "Raiffeisen" model of agricultural credit. This led to the cooperative credit societies which provided the first legal framework for cooperatives in India. Initially, these were limited to credit (loans), but the 1912 Act expanded the scope to include non-credit societies like housing and marketing.

c) There are no sources in the current document.

After 1947, cooperatives became central to India's development agenda. Leaders such as Jawaharlal Nehru regarded cooperatives as a cornerstone of democracy—alongside local self-governance and education. The state wove the cooperative model into its Five-Year Plans to advance a socialistic pattern of growth. This period produced landmark achievements, most notably the success ofamul, whose White Revolution transformed the dairy sector by empowering millions of farmers, removing middlemen, and placing processing and marketing in producers' hands.

d) Modern Evolution and Legal Recognition

In recent decades, India's cooperative sector has shifted from heavy state sponsorship toward a more autonomous, member-driven model. A key turning point was the 97th Constitutional Amendment Act (2011), which recognized the right to form cooperative societies as a Fundamental Right under

Article 19. Later, the establishment of the Ministry of cooperation in 2021—under the motto "Sahakar se Samriddhi" (Prosperity through Cooperation)—signaled a new push toward modernization and digital transformation, with the aim of strengthening cooperatives in an increasingly global economy.

DATA METHODOLOGY

Primary Data

Primary data refers to first-hand information collected specifically for the study.

Secondary Data

Secondary data for the study were collected from published and documented sources, it includes:

i. **Official Website:** The official website of The Quepem Urban Multipurpose Co-operative Society Ltd., Quepem-Goa was used as an important source of information. It provided general details about the society's history, vision, mission, branch network, deposit schemes, loan schemes, and other services offered. The website helped in understanding the overall structure and functioning of the society.

ii. **Annual Reports (2020-21 to 2024-25):**Annual report of the society for the 5 financial years were refer to for authentic financial information. These reports provided detail data regarding income, expenditure, profits, reserves, deposits, loans and overall performance. They formed the main basis for financial analysis in the study.

TOOLS AND TECHNIQUES

The following tools were used for data analysis:

- Tabular presentation
- Percentage analysis
- Comparative analysis
- Graphical representation

These tools helped in evaluating financial performance and identifying growth trends and fluctuations.

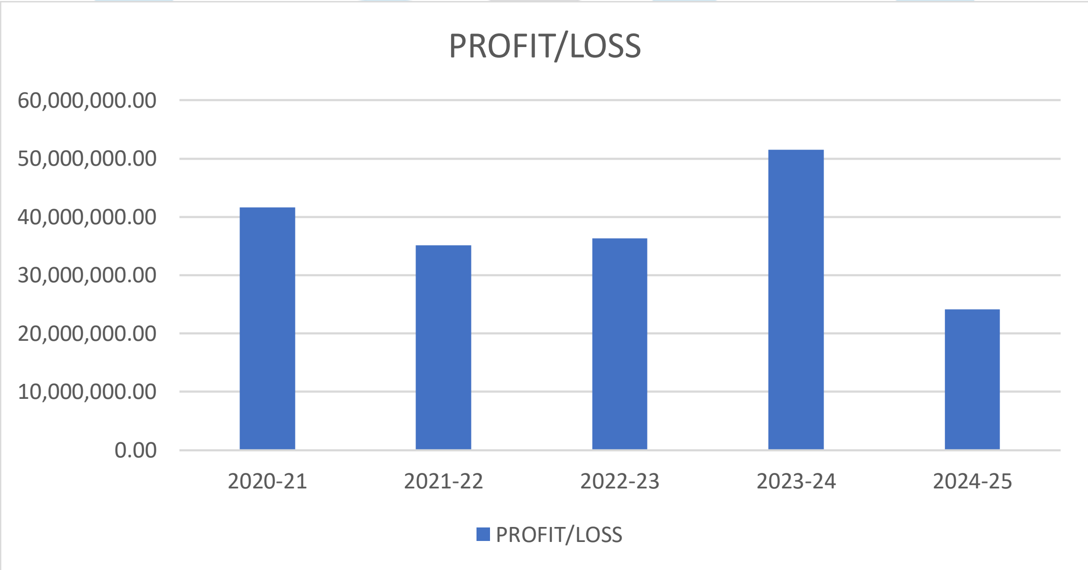
TIME PERIOD OF THE STUDY

The study covers the period from September 2025 to February 2026. During this time, data were collected, analysed and interpreted to evaluate the financial performance and operational efficiency of the society. The selected period was sufficient to complete the research systematically and effectively.

DATA ANALYSIS

PROFIT/LOSS OF THE QUEPEM URBAN MUTIPURPOSE CO- OPERATIVE SOCIETY FROM 2020-21 TO 2024-25:

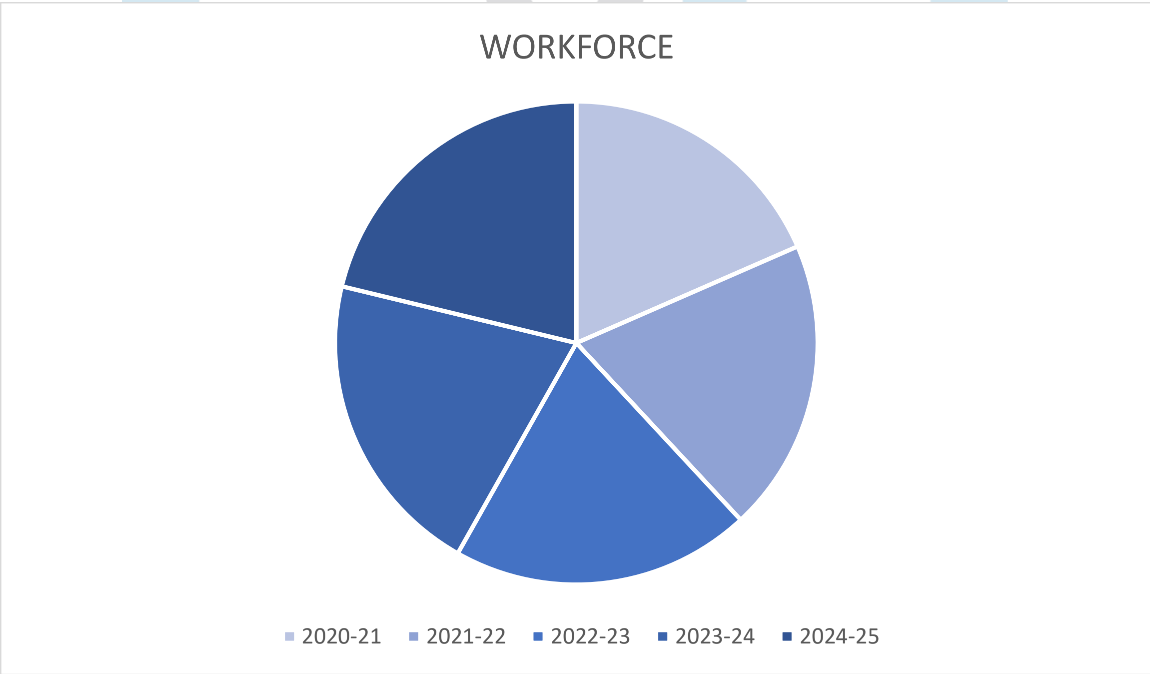
YEAR	PROFIT/LOSS
2020-21	4,16,63,983.32
2021-22	3,51,50,140.45
2022-23	3,63,13,387.08
2023-24	5,15,58,300.93
2024-25	2,41,05,156.98



The table shows profit trends from 2020-21 to 2024-25. Profits declined in 2021-22 compared to 2020-21, slightly improved in 2022-23 and reached the highest level in 2023-24 at ₹5.15 crore. However, in 2024-25, profit dropped significantly to ₹2.41 crore, showing noticeable financial fluctuation during the period.

ABOUT THEIR WORK FORCE:

YEAR	MEMBERS
2020-21	64,085
2021-22	68,129
2022-23	69,810
2023-24	71,526
2024-25	73,702



The table presents the growth in membership from 2020-21 to 2024-25. Membership increased steadily from 64,085 in 20202-21 to 73,702 in 2024-25. Each year shows consistent growth, reflecting expanding outreach and trust among members. The upward trend indicates organizational development, improved services and stronger community participation, contributing to overall progress and stability.

PERFORMANCE OF THE QUEPEM URBAN MUTIPURPOSE CO-OPERATIVE SOCIETY FROM 2020-21 TO 2024-25:

TABLE NO.

PARTICULARS	YEARS		(Amount in lakhs)		
	2020-21	2021-22	2022-23	2023-24	2024-25
Paid up share capital	912.65	976.20	10,23.21	10,78.33	12,35.30
Reserves and Surplus	1,434.34	1,858.92	21,07.54	23,72.98	27,69.86
Deposits	30,312.04	30,848.99	319,88.50	342,58.21	384,79.06
Loans and advances	21,196.78	21,516.45	218,00.34	2441,25.02	382,21.13
Working capital	34,347.43	35,371.58	368,44.28	396,66.19	443,60,37
Productivity	418.77	425.74	4,26.90	4,73.25	5,26,77
Net Profit	416.64	351.50	3,63.13	5,15.58	2,41.05

Above chart depicts the performance of the Quepem-Urban Multipurpose Co-operative Society from 2020-21 to 2024-25. This chart shows the performance under seven categories:

- Paid up share capital
- Reserves and surplus
- Deposits
- Loans and advances
- Working capital
- Productivity
- Net Profit

- **Paid up share capital**

  Paid-up share capital shows a steady and consistent increase from 2020-21 to 2024-25. It rises from 912.65 lakhs to 12,35.30 lakhs, reflecting growing member contribution and expansion of ownership, strengthening the society's the society's financial stability over the five -year period.

- **Reserves and other**

  Reserves and surplus demonstrate significant growth throughout the years. Starting at 1,434.34 lakhs in 2020-21, it increases steadily to 27, 69.82 lakhs in 2024-25. This upward trend indicates higher retained earnings and better financial management, enhancing the organization's internal strength and long-term sustainability.

- **Deposits**

  Deposits show remarkable growth over the five years. From 30,312.04 lakhs in 2020-21, deposits rise steadily to 384,79.06 lakhs in 2024-25. This substantial increase reflects growing public trust, improved customer confidence and expansion in banking operations, contributing significantly to overall financial growth.

- **Loans and advances**

  Loans and advances increase consistently from 21,196.78 lakhs in 2020-21 to 382,21.13 lakhs in 2024-25. The steadily rise shows active lending operation and higher credit demand. This growth suggests expansion in financial services, supporting members' economic activities while increasing the institution's income-generating assets.

- **Working capital**

  Working capital demonstrates continuous growth during the period. It increases from 34,347.43 lakhs in 2020-21 to 443,60.37 lakhs in 2024-25. The rising trend reflects improved liquidity position and operational efficiency, enabling the institution to meet short-term obligations and support expanding business activities effectively.

- **Productivity**

  Productivity shows consistent improvement over the five years. It rises from 418.77 in 2020-21 to 5,26,77 in 2024-25. The steady increase indicates better utilisation of resources, improved employee performance and enhanced operational efficiency, contributing positively to the institution's overall growth and profitability.

- **Net Profit**

  Net profit fluctuates doing the period but shows overall growth compared to the starting year. After declining in 2021-22, profit increases significantly in 2022-23 and 2023-24 before dropping in 2024-25. This variation reflects changing financial conditions, though overall profitability remains strong and sustainable.

MOVEMENT OF NPA-NONPERFORMING ASSETS:

PARTICULARS	FINANCIAL PERFORMANCE OF NPA (in lakhs)				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
GROSS NPA					
Opening Balance	1,742.86	1,804.33	20,22.16	21,25.53	21,01.39
Add: Addition	324.23	347.11	3,38.39	1,92.09	1,06.61
Less: Recovery	262.76	129.28	2,35.02	2,16.23	2,18.98
Closing Balance	**1,804.33**	**2,022.16**	**21,25.53**	**21,01.39**	**19,89.02**
Percentage	8.51%	9.40%	9.75%	8.60%	6.99%
Provision For NPA					
Opening Balance	1,201.74	1,271.74	13.32.97	13,61.89	14,41.08
Add: Addition	79.46	74.35	53.08	1,63.21	211.87
Less: Recovery	9.19	13.12	24.16	84.02	17.87
Closing Balance	**1,271.74**	**1332.97**	**13,61.89**	**14,41.08**	**16,35.08**
Net NPA					
Opening Balance	541.38	532.58	6,89.18	7,63.64	6,60.31
Add: Addition	244.77	272.72	2,85.31	28.88	(105.26)
Less: Recovery	253.57	116.16	2,10.86	1,32.21	201.11
Closing Balance	**532.58**	**689.18**	**7,63.64**	**6,60.31**	**353.94**
Percentage	2.51%	3.20%	3.50%	2.70%	1.24%

The table presents the movement of Gross, Provision and Net NPAs from 2020-21 to 2024-25. Gross NPA showed an increasing trend up to 2022-23, reaching 21,25.53 lakhs, but declined thereafter to 19,89.02 lakhs in 2024-25, with the percentage reducing to 6.99%. Provision for NPA consistently increased over the years, strengthening financial stability and reaching 16,35.08 lakhs and then declined sharply to 353.94 lakhs in 2024-25, indicating improved recovery and better asset quality management.

Major Findings of the Study

- The study reveals that Gross Non-Performing Assets (GNPAs) exhibited an upward trend from 2020-21 to 2022-23, reaching ₹21,25.53 lakhs, indicating a rise in stressed assets during the period.
- After 2022-23, Gross NPAs showed a declining trend and decreased to ₹19,89.02 lakhs in 2024-25, reflecting improved credit monitoring and recovery performance.
- The Gross NPA ratio declined to 6.99% in 2024-25, suggesting an enhancement in the overall asset quality of the bank.
- Provisioning against NPAs increased consistently during the initial years of the study, demonstrating the bank's prudent approach toward risk management and compliance with regulatory requirements.
- The provision for NPAs reached its peak at ₹16,35.08 lakhs, indicating adequate financial safeguards against potential loan losses.
- A substantial reduction in provisioning to ₹353.94 lakhs in 2024-25 reflects successful recovery measures, reduction in bad debts, and improvement in the quality of the loan portfolio.
- The decline in both Gross NPAs and provisioning requirements during the later years indicates the effectiveness of the bank's NPA management and recovery strategies.
- Overall, the study finds a positive relationship between improved recovery efforts and the reduction in NPAs, contributing to enhanced financial stability and operational efficiency.
- The bank's asset quality position strengthened during the study period, as evidenced by the reduction in NPA levels and improved provisioning management.
- The findings suggest that the bank has adopted effective credit risk management practices, resulting in better control over non-performing assets and sustainable financial performance.

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