Performance of Agricultural Loan Schemes Implemented Through Central Cooperative Banks At Valavanur Branch

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Abstract- *This study titled "Performance of Agricultural loan Schemes Implemented Through District Central Cooperative Banks at Valavanur Branch" examines the financial performance and operational efficiency of a cooperative bank over the period 2019–2024. Using data from the bank's balance sheet, receipts, and payments statements, the study analyses key indicators such as working capital, loans and advances, deposits, reserves, and borrowings. Trend and percentage analyses were applied to assess growth patterns and resource utilization. The findings reveal a consistent rise in deposits, borrowings, and working capital, reflecting overall growth and financial stability. However, the deployment of funds into productive loans and profitability ratios remained below the ideal level, indicating scope for better financial management. The study emphasizes the importance of strengthening deposit mobilization, improving loan recovery, enhancing digital banking services, and reducing reliance on borrowings. It concludes that with efficient fund allocation, active member participation, and effective implementation of agricultural and government schemes, cooperative banks can achieve sustainable growth and play a pivotal role in promoting rural financial inclusion and economic development.*

Keywords- Agricultural Loan Schemes, Financial Performance, Deposits, Loans and Advances, Borrowings, Percentage Analysis, Trend Analysis, Fund Utilization.

I. INTRODUCTION

Cooperative banks play a vital role in India's financial system, particularly in rural and semi-urban areas where access to commercial banking services is limited. Established under the Cooperative Societies Act of 1904, these institutions function on principles of mutual help and collective welfare. Their main objective is to promote financial inclusion by providing credit and savings facilities to farmers, self-help groups, and small entrepreneurs. Regulated by the Reserve Bank of India and governed by the Banking Regulation Act of 1949, cooperative banks have been instrumental in supporting agricultural and rural development through schemes that address the credit needs of marginalized communities.

The Villupuram District Central Cooperative Bank, Valavanur Branch, serves as a key financial intermediary by mobilizing deposits and extending agricultural loans for crop production, irrigation, and allied activities. This study focuses on evaluating the performance of agricultural loan schemes implemented through the Valavanur Branch from 2019 to 2024. It analyzes the efficiency of loan disbursement, recovery, and utilization of funds using financial indicators such as working capital, deposits, reserves, and profitability ratios. The research aims to assess how effectively the bank has contributed to agricultural growth and rural development while maintaining financial sustainability.

d remain constantly connected; issues such as stress, sleep deprivation, and reduced focus have emerged. Consequently, organizations are increasingly recognizing the need for structured digital wellbeing policies.

Manatec Private Limited, a leading manufacturer in the automotive garage equipment industry, provides an ideal setting to examine the role of digital wellbeing initiatives. Employees at Manatec rely heavily on digital tools and systems, which may affect their mental and physical health. This study aims to explore the extent of organizational support for digital wellbeing at Manatec and its impact on employee satisfaction and performance.

Objectives of the study

- To evaluate the performance of various agricultural loan schemes.
- To compare the loan disbursement and recovery performance.

II. REVIEW OF LITERATURE

Zaman, Zaman, and Khan (2022) - analyzed the technical efficiency of rural cooperative banks in India using quantitative techniques.

Their findings revealed that several banks were technically inefficient due to high operational costs, outdated management systems, and limited technological adoption. This inefficiency resulted in suboptimal utilization of resources and slower service delivery. The study emphasizes the importance of integrating modern technology such as Core Banking Systems and digital Kisan Credit Card (KCC) platforms to enhance operational efficiency—a central focus of the current research.

In another significant study, Halesh, Chavan, and Indumathi (2023) - examined the key performance indicators (KPIs) of DCCBs across India, focusing on loan disbursement, deposit mobilization, and recovery rates.

The results highlighted that effective resource mobilization and efficient loan monitoring play a vital role in determining profitability and long-term sustainability. This study provides the quantitative performance framework adopted in evaluating the deposit, disbursement, and recovery performance of the Valavanur Branch in the present project.
Karuppaiah and Saravanan (2024) - conducted a regional study on the profitability and financial performance of DCCBs in Tamil Nadu.

Their research found that while some banks performed well, others struggled with low profit margins and high operational expenses, primarily due to inefficiencies in management and limited diversification. This region-specific insight is especially relevant as the current study also focuses on a DCCB operating in Tamil Nadu, providing a direct contextual link to the Valavanur Branch's operational and financial performance.

Basu and Paul (2025) - explored the financial performance and challenges of cooperative credit societies, including DCCBs, in Assam.

Their empirical findings revealed that lending efficiency was adversely affected by unstable credit-deposit ratios and the presence of high Non-Performing Assets (NPAs). These findings support the current research objective of analyzing NPA trends and comparing loan disbursement and recovery performance within the cooperative banking structure.

NABARD (2025) - titled *Analyzing the Differential Performance in the Adoption of Kisan Credit Card (KCC) Scheme* provided an authoritative overview of the scheme's implementation across India.

It concluded that while the KCC scheme significantly improved farmers' access to institutional credit, its adoption varied widely due to procedural bottlenecks and inadequate outreach of DCCBs in certain regions. This is directly aligned with the present study's scope, which examines the impact of government schemes such as KCC on the financial performance of the Valavanur Cooperative Bank.

III. RESEARCH METHOLOGY

Research Design: This study adopts an analytical research design to examine the performance of government schemes implemented through the District Central Cooperative Bank at Valavanur Branch. It focuses on analyzing both primary and secondary data related to loan disbursement, recovery performance, deposits, and NPAs. Statistical and financial tools are applied to interpret data and identify key performance trends. The design helps assess the operational efficiency and financial health of the bank. It also evaluates the effectiveness of government schemes such as the Kisan Credit Card (KCC). Overall, the analytical approach provides a factual basis for drawing meaningful conclusions.

Data Collection:

Secondary Data: Annual audit reports, Records of agricultural loan disbursement and recovery performance, Reports and guidelines issued by regulatory bodies

Tools and Techniques:

- Percentage analysis
- Trend analysis
- Ratio analysis.

IV. DATA ANALYSIS AND INTERPRETATION

1.TREND ANALYSIS

Trend analysis in finance is a technique used to study financial statements over a period of time to identify patterns, movements, and directions of financial performance. It helps in understanding whether a company's financial position is improving, declining, or remaining stable. By comparing data such as sales, profits, expenses, or assets across several

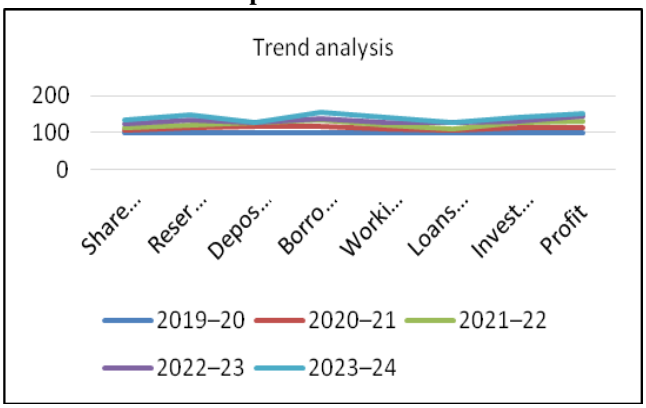
accounting periods, trend analysis shows the rate of change and helps predict future performance. It is usually expressed in percentage terms, where a base year is taken as 100%, and subsequent years are compared to it. This method enables management, investors, and analysts to evaluate long-term growth, detect problems early, and make better financial decisions.

$$\text{Trend Percentage} = \left(\frac{\text{Current Year Figure}}{\text{Base Year Figure}}\right) \times 100$$

Table no 4.2 Trend analysis of agricultural loan performance

Year	Share capital	Reserves	Deposits	Borrowings	Working Capital	Loans and advances	Investment	Profit
2019–20	100	100	100	100	100	100	100	100
2020–21	108.2	115.3	117.2	116.3	111.1	108.6	113	115.5
2021–22	115.2	124	129.3	136.4	121.1	112.1	129.7	133.4
2022–23	125.9	136.4	128.1	139.9	130.7	129.1	134.2	146.3
2023–24	135.7	150.1	128.1	155.5	140.3	129.1	141.1	152.7

Chart no 4.2 Trend analysis of agricultural loan performance



INTERPRETATION

Over the past five years, share capital and reserves grew steadily, increasing from 36% to 50%. Deposits rose by 28% and have remained stable since 2021–22. Borrowings, however, grew faster at 55%, indicating a greater reliance on external funds. Overall, working capital expanded by 40%, reflecting the institution's growth. Loans and advances increased by 29%, keeping pace with the growth in working capital. Although profit rose sharply by 53%, it still represents a small percentage of the total working capital.

WORKING CAPITAL UTILIZATION RATIO

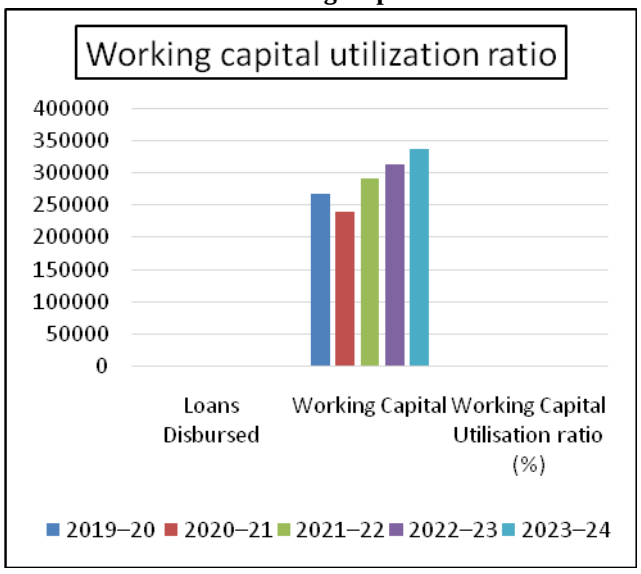
The Working Capital Utilization Ratio measures how efficiently a company uses its working capital to generate sales or revenue. It shows the relationship between net sales and working capital and helps assess whether the company is using its short-term assets and liabilities effectively. A higher ratio indicates better utilization of working capital, while a lower ratio suggests that the company may not be using its resources efficiently.

$$\text{Working Capital Utilization Ratio (\%)} = \left(\frac{\text{Loan Distributed}}{\text{Working Capital}}\right) \times 100$$

Table no 4.3 Working Capital Utilization Ratio

Year	Loans Disbursed	Working Capital	Working Capital Utilisation ratio (%)
2019–20	541	266884	0.2
2020–21	505	240124	0.21
2021–22	502	290791	0.17
2022–23	543	313553	0.17
2023–24	603	336681	0.18

Chart no 4.3 Working Capital Utilization



INTERPRETATION:

The values are very low, ranging from 0.17% to 0.21%, indicating underutilization of working capital for loan disbursement. This suggests that excess liquidity is not being effectively channeled into agricultural loans. To improve

performance, the bank should focus on enhancing the efficiency of its credit deployment**.**

V. FINDINGS

- **Trend analysis**: The overall trend is characterized by operational inefficiency and structural delays, severely undermining the bank's liquidity and its core mission to provide timely agricultural credit.
- **The Working Capital Utilization Ratio:** shows a negative trend, as high Non-Performing Assets (NPAs) effectively trap funds and prevent their productive use in new lending.

NPAs are High: Too many loans are not being repaid, which harms the bank's ability to function. Credit is Slow: Loan money is given out with delays due to poor procedures and bottlenecks. Weak Follow-up: The bank lacks strong systems to monitor loans and ensure timely repayment.

VI. CONCLUSION AND SUGGESTIONS

The analysis of the Cooperative Bank's operational efficiency, heavily implied by its challenges with loan disbursement and recovery, concludes that the institution suffers from ineffective working capital management. The high volume of Non-Performing Assets (NPAs) severely restricts the bank's liquidity by trapping funds in overdue loans, thereby degrading its overall financial health. Furthermore, internal administrative bottlenecks and delays in the credit delivery process hinder the productive and timely utilization of available capital. This inefficiency jeopardizes the bank's core mandate of providing reliable and timely agricultural credit, demanding urgent structural and operational reforms to stabilize its funding cycle and improve service delivery.

Recommendations

1.Strengthen Loan Recovery Mechanisms: Implement aggressive and consistent post-disbursement monitoring and establish a dedicated recovery cell to significantly reduce Non-Performing Assets (NPAs), thus ensuring the rapid replenishment of working capital.

2. Mandate Digital Transformation: Adopt a full Core Banking System (CBS) implementation for automated loan processing, faster approvals, and immediate fund disbursement to eliminate administrative delays and enhance the productive use of capital.

3.Enhance Credit Risk Assessment: Institute stricter and more rigorous pre-sanction appraisal and borrower background checks to minimize the risk of default and ensure loans are granted to viable projects, thereby improving the quality of current assets.

4.Improve Operational Efficiency: Focus on cost control and modernizing branch management practices to reduce technical inefficiency and operational overheads, leading to better profit margins and more effective working capital turnover.

5.Timely Policy Fund Release: Higher-level cooperative bodies and government agencies must ensure the prompt and timely release of compensation or interest subvention funds related to schemes (like KCC) to prevent adverse impacts on the bank's liquidity and short-term profitability.

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