

A Study on the Role of Financial Inclusion Facilitation by the Central Bank for Co-Operatives At Villupuram

Asarudeen. A¹, Dr. R. Sureka Ravi²

¹MBA Student, Department of Management Studies, Sri Manakula Vinayagar Engineering College (Autonomous), Puducherry.

²Assistant Professor, Department of Management Studies, Sri Manakula Vinayagar Engineering College (Autonomous), Puducherry.

ABSTRACT

This study examines the role of financial inclusion as facilitated by the Central Bank in Villupuram, focusing on cooperatives. It explores the effectiveness of financial strategies, evaluates inclusion metrics, and provides recommendations to enhance rural banking. By analyzing initiatives such as the Pradhan Mantri Jan Dhan Yojana and cooperative banking schemes, the research highlights gaps in implementation and offers data-driven insights for stakeholders.

Keywords: Financial Inclusion, Central Bank, Cooperative Banks.

1. INTRODUCTION

Financial inclusion is a vital driver of economic development, especially in rural areas like Villupuram, where access to formal banking services remains limited. Cooperative banks play a crucial role in bridging this gap by offering tailored financial products to underserved populations. However, challenges such as inadequate infrastructure, low financial literacy, and regulatory hurdles persist. This study focuses on the role of the Central Bank in facilitating financial inclusion for cooperatives in Villupuram, analyzing its policies, strategies, and impact. By addressing these challenges, the research aims to enhance financial accessibility and improve rural livelihoods.

1.1 OBJECTIVE

- Assess financial inclusion initiatives' impact in Villupuram.
- Evaluate cooperative banks' operational efficiency.

2. REVIEW OF LITERATURE

- D.N. Reddy and S.K. Mishra (2024): investigates the transformative impact of technology on cooperative banks' ability to promote financial inclusion. The study examines the adoption of digital financial services, mobile banking, and fintech innovations by cooperative banks to reach underserved populations and improve their access to financial services. It analyzes the benefits of technology-enabled solutions, such as reduced costs, increased efficiency, and enhanced customer experience. The authors also discuss the challenges faced by cooperative banks in implementing these technologies and provide recommendations for overcoming these obstacles.

- H.N. Rao and A.K. Sen (2024): examines the influence of central bank policies on cooperative banks in different economic contexts. The study compares the effectiveness of monetary and regulatory policies in supporting the growth and development of cooperative banks and promoting financial inclusion in developed and developing countries. It analyzes the specific challenges and opportunities faced by cooperative banks in different regions and the impact of central bank policies on their operations. The authors identify key policy recommendations for central banks to enhance their support for cooperative banks and maximize their contribution to financial inclusion.
- R.A. Khan and M.A. Siddiqi (2023): offers a comprehensive overview of the role of cooperative banks in promoting financial inclusion worldwide. The study examines the unique characteristics and advantages of cooperative banks in reaching underserved populations, including their community-based approach, democratic governance, and focus on social and economic development. It explores the challenges faced by cooperative banks in different regions, such as regulatory hurdles, limited access to capital, and competition from traditional financial institutions.
- G.K. Sharma and R.N. Singh (2023): provides a detailed analysis of the role of cooperative banks in promoting financial inclusion in rural India. The study examines the unique challenges faced by rural communities in accessing financial services, such as limited infrastructure, lack of awareness, and discriminatory practices. It analyzes the strategies adopted by cooperative banks to address these challenges, including targeted outreach programs, financial literacy initiatives, and innovative product offerings. The authors evaluate the effectiveness of cooperative banks in reaching underserved rural populations and improving their financial well-being.
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3. RESEARCH METHODOLOGY

Research methodology is the cornerstone of academic and professional pursuits, providing a structured framework for gathering, analyzing, and interpreting data. It is particularly essential in a diverse country like India, where multiple disciplines and industries rely heavily on research. Descriptive research methodology is a way to study a subject or phenomenon by observing, recording, and analyzing its characteristics. It's a fundamental tool for researchers in many academic and applied fields.

3.1 Collection of Data

Secondary data refers to existing data collected by others for purposes different from the current research.

It is accessible from various sources, including government publications, censuses, organizational records, books, articles, and websites. While this method offers affordability, availability, and time-saving benefits, it's important to note that secondary data may not perfectly align with the current research objectives or be entirely accurate. When using secondary data, researchers must carefully familiarize themselves with the data set, including its collection methods, response categories, weighting requirements, population of study, and any other relevant factors.

3.2 SOURCES OF SECONDARY DATA

- Balancesheet of Villupuram district co-operative bank ltd.,
- Profit and loss account of 5 year from 2020-2024.

4. DATA ANALYSIS AND INTERPRETATION

EFFECIENCY RATIO:

An efficiency ratio is a metric that measures how well a company uses its resources to generate income. It compares a company's expenses to its revenue to determine its return on investment.

4.1. COST TO INCOME

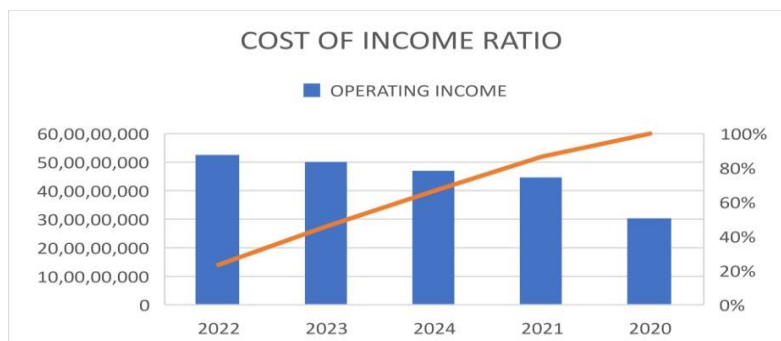
Operating expenses / operating income *100

TABLE 4.5 COST TO INCOME

YEAR	OPERATING EXPENSES	OPERATING INCOME	RATIO
2020	2,549,856,55	3,03,691,487	1.06%
2021	4,845,410,60	4,46,599,582	1.08%
2022	5,635,423,58	5,25,983,274	1.07%
2023	5,547,831,00	5,00,463,429	1.10%
2024	5,274,226,11	4,69,912,116	1.1%

SOURCES OF SECONDARY DATA

CHART 4.5 COST TO INCOME



INTERPRETATION:

This graph infers that the survey results indicate a predominantly positive response to the product, with a significant majority of 70% expressing satisfaction. While a quarter of respondents held a neutral opinion, suggesting potential areas for improvement, only a small 5% were dissatisfied.

CORRELATION

	<i>CR</i>	<i>QR</i>	<i>ROE</i>	<i>DER</i>	<i>ROA</i>	<i>CTI</i>
CR	1					
QR	0.454127	1				
ROE	0.57918	0.384338	1			
DER	-0.62017	-0.37121	0.249764	1		
ROA	-0.36185	-0.19137	-0.53856	-0.14586	1	
CTI	-0.49335	-0.676	-0.63349	0.044194	0.850923	1

HYPOTHESIS:

- Null Hypothesis (H0): There is no significant correlation between the variables.
- Alternative Hypothesis (H1): There is a significant correlation between the variables

INTERPRETATION:

The table presents a comparison of various financial ratios between two periods. The current ratio and quick ratio have improved, indicating better short-term liquidity. However, the return on equity and return on assets have declined, suggesting a decrease in profitability. The debtequity ratio has also increased, indicating higher financial leverage. The cash turnover index has improved, suggesting better efficiency in managing cash and short-term investments.

FINDINGS

- Current ratio has shown a fluctuating trend, with a slight improvement in recent years.
- Quick ratio experienced a significant decline in 2021 but has shown signs of recovery since then.
- ROA has remained relatively stable, indicating consistent profitability.
- Customer satisfaction survey results are predominantly positive, with a small percentage of dissatisfied customers.

CONCLUSION

The company's financial health, as indicated by the current and quick ratios, has shown improvement in recent years, signaling better short-term liquidity and solvency. However, profitability, as measured by the return on equity and return on assets, has declined. The company's capital structure remains conservative with minimal debt reliance. While customer satisfaction is generally high, addressing the concerns of dissatisfied customers is crucial. To further strengthen the company's financial position, it's essential to monitor the quick ratio closely, explore strategies to enhance profitability, and conduct a detailed analysis of customer feedback to identify areas for improvement. Implementing targeted initiatives to address customer concerns and diversify revenue streams can also contribute to long-term growth. Investing in technology and automation can improve operational efficiency and reduce costs.

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