

# Working Capital Management of Ashtamichira Service Cooperative Bank Ltd 325

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**Abstract:** *This study explores the working capital management practices of Ashtamichira Service Cooperative Bank Ltd 325, with an emphasis on evaluating its liquidity position, operational efficiency, and overall financial stability. The research aims to analyze how effectively the bank manages its short-term assets and liabilities, utilizing tools such as ratio analysis, trend analysis, and schedules of changes in working capital over a five-year period (2020–2025). Drawing from secondary data collected from the bank's financial statements, the study reveals key insights into liquidity ratios, profitability measures, and working capital turnover patterns. The findings highlight the bank's strengths in maintaining a stable liquidity buffer, while also identifying areas that require more proactive management—especially in receivables and inventory cycles. The research contributes to the limited body of literature on cooperative banking finance in Kerala and underscores the importance of efficient working capital practices for sustaining local banking operations. Recommendations are provided to enhance financial efficiency, mitigate risk, and support informed decision-making in cooperative banking.*

**Keywords:** Working Capital Management, Cooperative Banks, Liquidity Ratios, Trend Analysis, Kerala

## I. INTRODUCTION

Working capital management is a critical financial function that ensures a company can meet its short-term obligations and operate efficiently. It refers to the management of current assets and current liabilities. In the context of cooperative banks, where liquidity and trust are vital, effective working capital management becomes indispensable. This paper investigates the working capital practices of Ashtamichira Service Cooperative Bank Ltd 325, a rural cooperative bank in Kerala, India.

## II. OBJECTIVES OF THE STUDY

1. To analyze the working capital position of Ashtamichira Service Cooperative Bank.
2. To assess the effectiveness of cash and receivables management practices.
3. To evaluate the bank's liquidity and profitability using financial ratios and trend analysis.

## III. RESEARCH METHODOLOGY

- Type of Research: Analytical and descriptive
- Data Source: Secondary data obtained from annual reports, profit and loss accounts, and balance sheets of the bank.
- Period of Study: FY 2020-21 to 2024-25
- Tools Used:
  - Ratio Analysis (Liquidity, Profitability, Activity)
  - Trend Analysis
  - Schedule of Changes in Working Capital

## IV. LITERATURE REVIEW

Numerous studies (e.g., Anton, 2021; Mohammad, 2021; Sharma & Kumar, 2009) have examined working capital management and its correlation with firm profitability and liquidity. However, limited research focuses on cooperative



banks in the Indian context, especially at the micro-level. This study aims to bridge this research gap by focusing on a Kerala-based cooperative bank.

## V. ANALYSIS AND INTERPRETATION

### 5.1 Ratio Analysis

- Current Ratio: Shows the bank's ability to meet short-term obligations.
- Quick Ratio and Absolute Liquidity Ratio: Indicates the bank's immediate liquidity.
- Debt-Equity and Proprietary Ratios: Reflect capital structure and long-term solvency.
- Profitability Ratios: Gross and Net Profit Ratios were computed to assess earning efficiency.

### 5.2 Trend Analysis

- Current assets, liabilities, deposits, and net sales were analyzed across five years to identify patterns.

### 5.3 Schedule of Change in Working Capital

- Highlighted shifts in asset and liability components year-on-year, indicating fluctuations in liquidity and operational efficiency.

## VI. FINDINGS

- The bank maintained a stable current ratio above the ideal 2:1 in most years.
- There was a positive trend in deposit mobilization and asset turnover.
- Cash and inventory management showed signs of delay, especially in receivables.
- Profitability ratios were consistent but moderately low, suggesting a conservative earning model.

## VII. SUGGESTIONS

- Strengthen receivables follow-up and recovery mechanisms.
- Optimize cash reserves to improve return on idle funds.
- Implement tighter controls on inventory and improve forecasting models.
- Leverage technology for real-time working capital tracking and analytics.

## VIII. CONCLUSION

Effective working capital management is vital for the sustainability and growth of cooperative banks. This study highlights that while Ashtamichira Service Cooperative Bank Ltd 325 has maintained basic liquidity and solvency, there is ample scope to improve efficiency in managing receivables, inventory, and operational cash flow. These improvements are crucial for ensuring long-term viability and community trust.

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