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Sector-wise Loan Portfolio Analysis of Shree Gajanan Urban Co-operative Bank Ltd., Byadgi

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Abstract:
This study examines the sector-wise distribution and growth of the loan portfolio of Shree Gajanan Urban Co-operative Bank Ltd., Byadgi, over the period 2023-24 to 2025-26. Using secondary data drawn from the bank's annual reports and internal records, the study applies percentage analysis, mean and growth-rate analysis, trend analysis, and one-way ANOVA to examine how credit is distributed across ten loan categories. The results show that Overdraft Loans consistently formed the largest share of advances, while Gold Loans emerged as the fastest-growing and most profitable segment, with Vehicle Loans and Personal Mortgage Loans also contributing significantly. The ANOVA test (F = 58.06 against a table value of 2.39 at 5% significance, df 9,20) confirms a statistically significant difference in loan distribution across sectors, leading to rejection of the null hypothesis. Non-Performing Assets remained below 1.5% throughout the study period, indicating sound credit management. The study recommends continued diversification of the loan book and expansion of digital banking services to sustain growth.

Keywords: Loan portfolio, cooperative bank, sector-wise analysis, NPA, credit management, growth trend, ANOVA.

1. Introduction

Urban Co-operative Banks (UCBs) form an essential part of India's financial system, extending credit and deposit services to individuals, small traders, and local businesses on cooperative principles. Since loans and advances are the primary source of a bank's income, effective loan portfolio management — the allocation of credit across sectors such as gold, vehicle, mortgage, and overdraft loans — is critical for balancing profitability against credit risk. Sector-wise analysis allows a bank to identify concentration risk, plan credit more effectively, and control Non-Performing Assets (NPAs).

Shree Gajanan Urban Co-operative Bank Ltd., Byadgi, founded in 1918 and headquartered in Byadgi, Haveri District, Karnataka, operates on the cooperative slogan “Sahakaram Gelge” (success through cooperation). It offers savings, current, fixed and recurring deposits alongside gold, overdraft, mortgage, vehicle, and construction loans, along with NEFT/RTGS transfer and basic mobile banking services. This study analyses the bank's sector-wise loan distribution for 2023-24 to 2025-26 to evaluate its lending performance and credit management practices.

1.1 Company Profile

Particulars	**Details**
Name of the Bank	Shree Gajanan Urban Co-operative Bank Ltd.
Type	Private sector (Cooperative)
Founded	1918
Head Office	Main Road, Byadgi, Haveri District, Karnataka – 581106
Key People	President: Suresh B. Patil; Vice-President: Channabasavanagowda R. Patil
Deposit Products	Savings, Current, Fixed, Recurring Deposits, SVCC Scheme, Locker Facility
Loan Products	Gold Loan, Overdraft, Mortgage, Vehicle, Construction/Housing Loan

The bank operates in a competitive cooperative banking environment alongside other Urban Cooperative Banks, District Central Cooperative Banks, Regional Rural Banks, commercial and private banks, and NBFCs/digital lending platforms.

1.2 SWOT Analysis

Strengths	**Weaknesses**
Long-standing local presence; strong community reputation; regulatory compliance	Limited public financial transparency; small-scale operations; digital-banking limitations

Opportunities	**Threats**
Digital banking adoption; diversified products; strategic partnerships; skill development	Competition from digital-first lenders; loan defaults; cybersecurity risk; regulatory restrictions

2. Review of Literature

A substantial body of research has examined non-performing assets and credit portfolio management in Indian banking. Key contributions are summarised below:

1. Dey (2013) found that rising NPAs directly reduce bank profitability and weaken liquidity, calling for stronger credit monitoring.
2. Joseph & Prakash (2014) compared NPA trends across public and private banks, finding adverse effects on solvency and liquidity
3. Poornima & Theivanayaki (2015) analysed public-sector NPA portfolios (2011-15), classifying standard, sub-standard, doubtful, and loss assets.
4. Debnath & Dash (2015) found gross and net NPA ratios improving over 2004-13, aided by Lok Adalats and Debt Recovery Tribunals.

5. Singh (2015) assessed NPAs under the SHG Bank Linkage Program, noting higher risk in unsecured lending.
6. Kumar (2016) examined priority-sector financing in Karnataka, stressing flexible repayment and efficient credit systems.
7. Bajaj & Kumar (2023) assessed credit portfolios of systemically important banks using default-and-recovery risk models.
8. Thomas & Krishna (2018) compared loan-recovery strategies, finding public banks more adversely affected than private banks.
9. Mani (2019) analysed Janata Bank's loan portfolio, stressing balance between risk and return in lending.
10. Gowda (2020) examined priority vs. non-priority lending, linking disbursement patterns to NPA growth.

Research Gap

Despite this extensive literature, most studies rely on aggregate, bank-level NPA comparisons rather than sector-disaggregated analysis, and very few focus on regional cooperative banks. This creates a clear research gap in understanding how sector-wise loan allocation within a single urban cooperative bank affects its overall portfolio performance and asset quality — the gap this study addresses.

3. Research Methodology

3.1 Problem Statement

A Study on Sector-wise Loan Portfolio Analysis of Shree Gajanan Urban Co-operative Bank Ltd., Byadgi

3.2 Objectives:

1. To understand the overall loan portfolio of the bank.
2. To analyse the sector-wise distribution of loans and identify major contributing sectors.
3. To examine the trend and growth of loans across sectors.
4. To assess the efficiency of loan portfolio management.

3.3 Data Collection and Hypothesis

The study is based on secondary data — annual reports, loan portfolio statements, and NPA records for 2023-24 to 2025-26 — supplemented by discussions with bank officials. Percentage analysis, mean and growth-rate analysis, trend (index number) analysis, and one-way ANOVA were used to test the hypothesis that loan distribution differs significantly across the ten identified loan sectors (H_1) against the null hypothesis of no significant difference (H_0).

3.4 Need for the Study:

Loans and advances contribute the largest share of the bank's income, and poor lending decisions can increase NPAs and cause financial losses. Sector-wise analysis helps recognise high-risk loan categories, supports better credit planning and diversification, and ultimately strengthens the bank's financial position and profitability.

3.5 Scope:

The study covers gold, vehicle, mortgage, construction, overdraft, and related credit facilities offered by the bank, examining the distribution pattern and lending performance based on available financial statements and credit-management practices.

3.6 Limitations:

The study is confined to a single bank and cannot be generalised to others; it covers only three years (2023-24 to 2025-26); findings depend on the accuracy of bank-supplied data; and some detailed loan information was withheld under the bank's confidentiality policy.

4. Data Analysis and Interpretation

4.1 Sector-wise Loan Portfolio (₹)

Loan Type	2023-24	2024-25	2025-26
Overdraft Loan	37,74,52,621	40,45,96,156	51,71,53,808
Gold Loan	7,15,24,973	9,39,34,840	17,38,95,961
Vehicle Loan	9,94,19,956	10,11,68,741	11,99,10,172
Personal Mortgage Loan	6,54,41,518	8,32,84,784	8,58,78,629
Building Construction Loan	4,90,82,926	4,24,32,330	3,61,61,134
SVCC Loan	1,03,71,975	1,18,24,030	2,95,24,621
Plant & Machinery Loan	29,87,355	49,34,247	2,12,62,074
Loan Against FD	24,14,379	17,15,121	25,75,652
Personal Surety Loan	9,17,776	17,09,827	27,84,450
Consumer Durable Loan	58,206	88,106	39,000
Total	67,96,71,685	74,56,88,182	99,91,85,501

Overdraft Loan remained the single largest component of the portfolio throughout the study period (55.5% in 2023-24, declining marginally to 52.3% by 2025-26), while Gold Loan's share nearly doubled, rising from 10.5% to 17.6% — the clearest structural shift in the portfolio. Vehicle and Personal Mortgage loans together consistently accounted for a further 20–25%, while Building Construction Loan's share steadily declined from 7.2% to 3.7%, reflecting reduced disbursement in that category.

4.1a Percentage Share of Total Loan Portfolio (%)

Loan Type	2023-24	2024-25	2025-26
Overdraft Loan	55.53	54.26	52.28
Gold Loan	10.53	12.60	17.58
Vehicle Loan	14.63	13.57	12.12
Personal Mortgage Loan	9.63	11.17	8.68
Building Construction Loan	7.22	5.69	3.66
SVCC Loan	1.53	1.59	2.98
Plant & Machinery Loan	0.44	0.66	2.15
Loan Against FD	0.36	0.23	0.26
Personal Surety Loan	0.14	0.23	0.28

Loan Type	2023-24	2024-25	2025-26
Consumer Durable Loan	0.01	0.01	0.00

The percentage-share table confirms a gradual portfolio rebalancing: Overdraft Loan's dominant share eased by roughly 3.3 percentage points over the study period, while Gold Loan's share rose by over 7 percentage points — the most pronounced shift among all categories, with Vehicle and Building Construction Loans both losing relative share.

4.2 Growth Rate and Trend Analysis

Loan Type	Growth % 2024-25	Growth % 2025-26
Gold Loan	31.33	85.12
Overdraft Loan	7.19	27.77
Vehicle Loan	1.76	18.53

Gold Loan was the fastest-growing segment in both years, with growth accelerating sharply to 85.1% in 2025-26. Using 2023-24 as the base year (index = 100), the total loan portfolio's trend index rose to 109.71 in 2024-25 and 146.99 in 2025-26 — an overall expansion of approximately 47% over the study period, indicating sustained growth in the bank's lending activity.

4.2a Ranking of Major Loan Sectors by Outstanding Amount

Rank	2023-24	2024-25	2025-26
1	Overdraft Loan	Overdraft Loan	Overdraft Loan
2	Vehicle Loan	Vehicle Loan	Gold Loan
3	Gold Loan	Gold Loan	Vehicle Loan
4	Personal Mortgage Loan	Personal Mortgage Loan	Personal Mortgage Loan
5	Building Construction Loan	Building Construction Loan	Building Construction Loan

Notably, Gold Loan overtook Vehicle Loan to become the second-largest sector by 2025-26, reflecting its sharp acceleration in growth relative to the more moderate expansion of Vehicle Loan.

4.3 Interest Receivables and NPA Position

Gold Loan generated the highest interest income of all categories, rising from ₹22.61 lakh (36.2% of interest receivables) in 2023-24 to ₹64.73 lakh (68.6%) in 2025-26 — reflecting both its growing volume and its role as the bank's most profitable segment. The bank's NPA ratio stood at 1.39% in 2023-24, fell to 0.14% in 2024-25, and rose modestly to 0.69% in 2025-26 — remaining well below 2% throughout, indicating satisfactory asset quality and effective credit monitoring.

4.3a Mean Loan Amount by Sector (2023-24 to 2025-26, ₹)

Loan Type	Mean Amount
Overdraft Loan	43,30,67,528
Gold Loan	11,31,18,591
Vehicle Loan	10,68,32,956

Loan Type	Mean Amount
Personal Mortgage Loan	7,48,68,310
Building Construction Loan	4,25,58,797
SVCC Loan	1,72,40,209
Plant & Machinery Loan	97,27,892
Loan Against FD	22,35,051
Personal Surety Loan	18,04,018
Consumer Durable Loan	61,771

Overdraft Loan recorded by far the highest three-year average (₹43.31 crore), followed by Gold Loan (₹11.31 crore), Vehicle Loan (₹10.68 crore), and Personal Mortgage Loan (₹7.49 crore) — together confirming these four categories as the bank's core lending segments.

4.3b Percentage Contribution to Interest Receivables (%)

Category	2023-24	2024-25	2025-26
Gold Loan	36.23	55.29	68.60
Government Securities	32.15	35.90	22.74
Bank Fixed Deposits	23.56	4.11	2.18
Vehicle Loan	5.73	3.63	2.98
Ordinary Loan – Mortgage	1.76	3.50	2.69
Building Construction Loan	1.16	1.90	0.76
Mortgage / Overdraft / CDL	0.18	0.14	0.04

Gold Loan's contribution to interest income nearly doubled from 36.2% to 68.6% over the three years, while income from Government Securities and Bank Fixed Deposits declined in relative terms — reinforcing Gold Loan's growing centrality to the bank's profitability.

4.4 Hypothesis Testing (One-Way ANOVA)

Source	SS	df	MS	F (calc.)	F (table, 5%)
Between Sectors	4661.34	9	517.93	58.06	2.39
Within Sectors	178.39	20	8.92	-	-

Since the calculated F value (58.06) far exceeds the table value (2.39) at the 5% significance level with df (9, 20), the null hypothesis is rejected. This confirms a statistically significant difference in the distribution and performance of loans across sectors, with Overdraft, Gold, and Vehicle Loans dominating the portfolio.

5. Findings

• The total loan portfolio grew steadily from ₹67.97 crore (2023-24) to ₹99.92 crore (2025-26), an increase of about 47%.

• Overdraft Loan remained the dominant category throughout, though its share declined slightly as Gold Loan's share rose.

• Building Construction Loan showed a declining trend across all three years

. • NPA levels remained under 1.5% throughout the study period, indicating sound credit management.

• ANOVA confirms a statistically significant difference in loan distribution and performance across sectors.

6. Suggestions

The bank should continue strengthening its focus on profitable segments such as Gold Loans while maintaining a diversified overall portfolio to limit concentration risk from any single category. Declining categories, such as Building Construction Loan, warrant closer review to identify causes — whether reduced demand, tighter appraisal norms, or competition from housing-finance companies — and potential remedial action. Continued monitoring and recovery efforts should be sustained to keep NPA levels low, particularly given the modest uptick observed in 2025-26. Investment in digital banking services (UPI, mobile banking, online account access, and digital loan processing) would help the bank remain competitive against NBFCs and fintech lenders, improve turnaround times, and widen its customer base beyond Byadgi. Greater transparency in publishing financial performance, along with periodic, structured review of sector-wise portfolio performance, is recommended to support sustainable, well-diversified growth over the medium term.

7. Conclusion

The study concludes that Shree Gajanan Urban Co-operative Bank Ltd., Byadgi, has achieved steady and well-managed growth in its lending operations over 2023-24 to 2025-26. Overdraft, Gold, Vehicle, and Personal Mortgage Loans together form the core of its portfolio, with Gold Loan emerging as an increasingly important driver of both volume and income. Controlled NPA levels reflect effective credit management, and the statistically confirmed differences across loan sectors underscore the value of continued sector-wise monitoring. With further diversification and digital expansion, the bank is well positioned for sustained, stable growth in the cooperative banking sector.

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