



A Study on Performance of District Central Cooperative Banks in Bangalore District Karnataka

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Abstract

Co-operatives may be an important instrument for socio-economic regeneration. A cooperative is a business that is owned and operated equally by individuals. The district central cooperative banks have played an important role in the state's social and economic development, particularly in rural areas. The study examines DCCB's progress in the number of branches, members, and deposit mobilization in the Bangalore District. The research relies on secondary sources. The information is gathered through journals, publications, economic survey reports, and the internet, among other sources.

Keywords: District central cooperative banks, Members, Deposits, Correlation.

Introduction

The establishment of the District Central Cooperative Bank and the process of improving the efficiency of the rural credit distribution system can be considered an unprecedented experiment. The establishment of the Cooperative Societies Act in 1904 marked the beginning of the institutionalization of India's cooperative banking system by paving the way for the provision of farmers' output loans. The Act of 1904 was amended in 1912 to encourage cooperative central banks at the district level, giving it a federal three-tier character. The first DCCB bank in Rajasthan was established in Ajmer in 1910. The origins of DCCB banks in India can be traced back to the years 1906 to 1918.

Service at a reduced rate and service is this bank's distinguishing feature. The position assigned to them, the expectations they must meet, their number, and the number of offices they manage have all grown in importance. Agriculture is India's backbone. The economy and cheap credit are the lifeblood's of agriculture in India. District Central Cooperative institutions have played an important role in providing agricultural loans in India. Agriculture necessitates short-, medium-and long-term loans. These DCCBs offer farmers short- and medium-term credit.

Agriculture loans are provided to District Central Cooperative Banks by the apex organization, which is the State Cooperative Bank. PACS financing is disbursed through District Central Cooperative Banks, and PACS provides agriculture loans to farmers. The State Cooperative

Bank and the Primary Agricultural Credit Societies are connected through the District Central Cooperative Banks. In the country's three-tiered cooperative lending structure, these banks play a middle-level function. During the Green Revolution (1959), which was distinguished by an increase in the utilization of inputs such as fertilizers, seeds, and other resources, cooperative financial organizations had to supply more financing. The advancement of the Second Green Revolution also necessitates timely, low-cost, and substantial institutional financing. This goal can be more effectively achieved through cooperative credit institutions. Rural cooperatives have a short-term structure in which DCCBs at the intermediate layer organize deposits from the public and provide credit for members and PACS. NABARD refinancing and loans from StCBs make up the majority of borrowings from the DCCBs. As a result, they have a substantial number of customers. As a result, StCBs have a lower credit-to-deposit ratio.

In the pretext of loans, the informal sector exploits the backward castes and classes of small and marginal farmers, artisans, and traders. The rural credit market consists of both formal and informal financial institutions and agencies that serve the needs of rural India. This market is flawed and fragmented since the overall amount of formal loans is insufficient. In rural areas, credit is also distributed inequitably based on geography, class, caste, and gender.

However, if the DCCBs' financial health is good, the mandate to promote rural-focused banks is achievable, and it would be a long-term phenomenon with additional limits. The financial health of the DCCB is expected to be a major problem.

Literature Review

(Vasantrao, February 2012) According to the study, Maharashtra is India's most important political and financial state. India's wealthiest state. It's the top revenue generator. Most urbanized and industrialized states. It's also the cradle of the cooperative credit movement, with urban and rural co-ops. Maharashtra was a pioneer in cooperative banks and still ranks top post-independence. Shri. Vaikunthbai Mehata and Prof. D.R. Gadgil impacted India's cooperative movement. After nationalization, commercial banks soon adopted their Crop loan system credit for creditworthy farmers and state cooperative credit cooperation. This research evaluates India and Maharashtra's cooperative credit industry. The paper examines modest development and the cooperative sector's changing role and challenges. Visits to district and state bank officials gathered the data. Books, DCCBS annual reports, journals, statistical abstracts, audit reports, and office records are secondary data sources. Cooperatives have great potential in areas where the public and commercial sectors have failed.

(Soni & Kapre, 2012) District Central Cooperative Bank supports Rajnandgaon's agricultural and rural development. DCC Bank's vast network has reached rural Rajnandgaon. DCC Bank Rajnandgaon links the State Cooperative Bank and Primary Agriculture Cooperative Societies (PACS). Financial strength determines a district's cooperative credit movement. DCC Bank is a district-level lender that meets cooperatives' credit needs. DCC Bank is a district-level lender that meets cooperatives' credit needs. Most District Central Coop central banks deal with late



payments, recoveries, and NPAs. DCC Bank Rajnandgaon's financial performance must be investigated. This report examines DCC Bank Rajnandgaon's 2000-2010 financial performance. This study uses the Growth Rate research template. DCC Bank Rajnandgaon's empirical results suggest growth.

(Waraich & Dhawan, 2013) Cooperative banks play a key role in the growth of agriculture. Farmers need fast, low-cost loans from cooperative banks. These banks must be tightly regulated due to their economic importance. The CAMEL Model was used to analyze six DCCBs in Punjab. The capital adequacy and asset quality of six District Central Cooperative Banks were analyzed. Secondary data was compiled from these banks' annual reports and the Punjab State Cooperative Bank Ltd's "Comparative Statistics of Punjab State and Central Cooperative Banks" Using ratio analysis, mean, CAGR, and t-test, we analyzed the data. Sangrur, Mansa, and Gurdaspur DCCBs did not meet the 7 percent requirement. All six DCCBs had low NPAs and a solid asset portfolio.

Financial management involves acquiring and using resources. Conservative financial management improves a fund's financial results. Financial management aims to be beneficial. A Central Cooperative Bank's finance role is heavily regulated, with restrictions on borrowing sources, forms, costs, and portfolio organization. Though it only borrows from SCB, it loans societies following RBI guidelines. DCCBs help distribute cooperative credit. District-level cooperative spokesman. DCCB efficiency determines district cooperative success or failure. The Banking Regulation Act regulates these institutions' roles, so financial management is important. DCCB fund management is a major issue, and its financial performance and effect on fund flow must be studied. The study identified an empirical report on Funds Flow Analysis of Tirunelveli District Central Cooperative Banks.

According to Hooda & Singh (2014), In today's competitive market, co-op banks' performance depends on resource efficiency. Employees and structures are a bank's essential resources (offices). Staff and infrastructure optimization enhances production and profit. District Central Cooperative Banks are common in India (DCCBs). DCCBs' competitiveness is analyzed. The survey indicated that DCCB employees continuously improved bank efficiency. Bank branch productivity is up. Branch productivity is lower than employee productivity. DCCB employees declined while branch count increased over the research period. More efficient banks are safer. DCCBs should reinvest in their personnel and branches. Farmers love them. Cooperative banking must be recognized as a financial inclusion model. This strategy is cost-effective and quick if managed well.

(Raj & Sankrit, 2018) In India, the cooperative bank is an apex organization with two pillars: production credit (short-term loans) and investment credit (long-term credit structure). Cooperative banks have made significant progress in offering loans and advances, accepting fixed deposits through investments, locker facilities for precious objects, investment opportunities for farmers and rural residents, and expanding their area coverage to broaden their functional and operational reach. Despite impressive financial offers and market coverage,

most DCCBs underperform in profitability, liquidity, and efficiency. DCCBs' growth factor depends on stronger margins, lower bad debts, free cash flow, smaller doubtful debt provision, and appropriate reserve capital. Cooperative banks have made significant progress in offering loans and advances, accepting fixed deposits through investments, locker facilities for precious objects, investment opportunities for farmers and rural residents, and expanding their area coverage to expand their functional and operational reach. This study used CAMEL to evaluate DCCB performance. Various authors used this approach to define and analyze India's banking performance in this study's literature review. This chapter details the prior chapter's research. This chapter explains the patterns noted, described, and suggested in the prior chapter. Examining the main component patterns of District Central Co-operative Banks (DCCBs) in terms of their causes and linkages may help examine particular policy measures to make corrective judgments to increase DCCBs' overall performance.

(Dr. Subhas Chandra Sarkar, June 2018) Nonperforming assets (NPAs) are a problem for India's banking sector, especially DCCBs (NPAs). NPAs haven't made money in a long time. Nonperforming assets have caused a rise in cooperative bank failures (NPAs). Better evaluation, supervision, and follow-up reduce NPAs. District Central Cooperative Bank's performance affects rural finance (DCCB). Burdwan District Central Cooperative Bank Ltd. (BDCCBL) is crucial to the district's financing, but it's not immune to the problem. It is imperative/honorable to present this study to reveal the trend, causes, and impact of NPAs in rural credit structures and the BDCCBL. Both math and stats were used to draw meaningful conclusions. The investigated bank's NPA management is lacking. Finally, measures to reduce NPA are suggested to strengthen BDCCBL.

(Ali, 2019) Cooperative banks play an important part in India's economy, especially for those interested in agriculture. The cooperative banks must lead reform efforts notwithstanding the RBI's efforts. With younger generations relying more on virtual comfort, co-ops' brick-and-mortar banking infrastructure must modernize. Commercial banks have grown by having full financial market support, including aid. While commercial banks' businesses are thriving, their clients are nonetheless suffering. With their more relevant approaches to present scenarios, cooperative banks are a mirage in the desert. Indian agriculture is dominant. Most of the population engages in seasonal farming and similar operations, which reduces their future income. These banks are also important in India's financial sector. This paper discusses the advantages and challenges of cooperative banks in India, which are important for improving the economy and helping farmers and middle-class households.

(Monika, 2020) According to the study, Indian cooperative banks must rearrange their investment portfolios to meet shifting economic demands. This report investigates Uttar Pradesh's DCCB investment behavior from 2002-03 to 2016-17. The analysis of secondary data is descriptive. Results show that fixed deposits dominate UP DCCBs. It's 84% of the whole. UP DCCBs invested 39% of the fund. The research covers Uttar Pradesh's DCCBs from 2002 to 2017. Uttar Pradesh's cooperative banks are 115 years old. Even their failures are



notable. Increased Investment is substantial, but the shift away from agricultural loans is insufficient. According to the Kapoor Committee (2000) and Kelkar Committee (1986), 50% of Investment was in GOI/state government stocks and bonds. DCCBs in Uttar Pradesh invest 80% of their funds in fixed deposits redeemable/renewable at maturity and 20% in government and trustee securities. It shows a lack of professionalism in UP DCCBs and competent fund management.

Objective of Study

1. To study Progress DCCBs in Bangalore District in their numbers and members.
2. To analyse the growth of DCCBs in deposit and Investment

Research Methodology

The current study aims to investigate the development and progress of DCCB in the Bangalore District. The analysis is primarily based on secondary data sources. The subsequent

data was gathered from the Economic Reports survey and the internet website, particularly www.nafscob.com, and so on. The information was gathered from 2012-13 to 2019-2020.

Table 1: Progress of DCCBs in their numbers and total members in Bangalore District

Year	Number of Offices Including Head Office	% Change	Total Membership	% Change
2012-13	23.00		1,799.00	
2013-14	23.00	0.00	1,799.00	0.00
2014-15	29.00	26.09	1,618.00	-10.06
2015-16	29.00	0.00	1,618.00	0.00
2016-17	29.00	0.00	1,618.00	0.00
2017-18	29.00	0.00	1,643.00	1.55
2018-19	29.00	0.00	1,643.00	0.00
2019-20	29.00	0.00	1,643.00	0.00
Mean	27.50		1672.63	
S.D	2.78		78.85	
C.V	10.10		4.71	

The above table 1 refers to the progress of DCCBs in and total Members from 2013 to 2020. The number of DCCB in Bangalore District was 23 in 2013 and has increased to 29 in 2020. The number of Memberships has decreased from 1799 in 2013 to 1643 in 2020. The Coefficient of Variation for the Number of Head office and membership is 10.10% and 4.71%, respectively. There was a 26.09% increase in the number of the head office in 2014-15, and membership decreased to 10.06% from 2012-13.

Table 2: Owned fund of DCCBs in Bangalore District.

Year	Total Share Capital	% Change	Total Reserve Funds	% change
2012-13	2,359.00		1,054.00	
2013-14	2,359.00	0.00	1,054.00	0.00
2014-15	3,784.00	60.41	1,227.00	16.41
2015-16	3,784.00	0.00	1,227.00	0.00
2016-17	3,784.00	0.00	1,227.00	0.00
2017-18	4,430.00	17.07	15,585.00	1170.17
2018-19	4,430.00	0.00	15,585.00	0.00
2019-20	4,430.00	0.00	15,585.00	0.00
Mean	3670.00		6,568.00	
S.D	862.66		7467.128938	
C.V	23.51		113.6895392	

Table 2 depicts the share capital and reserves of a bank. The average share capital from 2012-13 to 2019- 20 is 3670 lakhs with a standard deviation of 82.66 lakhs. The average reserve funds from 2012-13 to 2019- 20 is 6568 lakhs with a standard deviation of 7467.13lakhs. This shows the stronger financial position of DCCBs in the Bangalore District. The table infers that there is an increase of 17.07% and 1170.17% in share capital and reserve funds in the year 2017-18 compared to 2012-13.

Table 3: Growth of deposit and loan and Investments of DCCBs in Bangalore

Year	Total Deposits	% Change	Total Loans	% Change	Total Investments	% Change
2012-13	27,670.00		7,366.00		8,025.00	
2013-14	27,670.00	0	7,366.00	0	8,025.00	0
2014-15	47,268.00	70.83	18,896.00	156.53	15,586.00	94.22
2015-16	47,268.00	0	18,896.00	0	15,586.00	0
2016-17	47,268.00	0	18,896.00	0	15,586.00	0
2017-18	64,251.00	35.93	16,642.00	-11.93	26,518.00	70.14
2018-19	64,251.00	0	16,642.00	0	26,518.00	0
2019-20	64,251.00	0	16,642.00	0	26,518.00	0
Mean	48,737.13		15,168.25		17,795.25	
S.D	15194.7521		4927.3926		7872.34789	
C.V	31.1769563		32.484912		44.2384788	



The average total deposit, loans, and investments are 48,737.13, 15,168.25, and 17,795.25 lakhs, with a standard deviation of 15194.7521, 4927.3926, and 7872.34789 lakhs. There is a 35.93% increase in deposits and a 70.14% increase in investments in 2017-18 compared to 2012-13.

Conclusion

The district central cooperative banks have played a vital role in the state's social and economic development, particularly in rural areas. The study assessed Bangalore district DCCB's progress in terms of the number of branches, members, deposit mobilization, and Investment. The growth rate of DCCB members is low, but if it increases, it will become stronger. Banks should take the required steps to raise the DCCB's owned fund to reduce costs. Staff and members are required, as are stringent laws and regulations, as well as a strict implementation system by the state.

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