

## **A Study on the Financial Performance of Chithradurga District Central Co-operative Bank of Karnataka**

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### **ABSTRACT**

*The banking sector helps provide agricultural loans and promote rural development. Due to their wide branch network and coverage, cooperative banks have become renowned institutions that can reach remote corners of the country. Rural financing relies heavily on cooperative banks. Cooperative banks, with their large networks and widespread presence in remote regions, have a significant impact on the Indian economy, particularly in promoting banking among low- and middle-income people and rural credit provision. For almost a century, the co-operative credit system has provided rural areas with vital financial infrastructure, frequently considered the nation's core socio-economic mechanism. An Analysis of DCC Bank Chithradurga's Recurring Deposits and Other Liabilities from 2015-16 to 2021-22 and Barrowings and Investments Analysis From 2015-16 until 2021-22. The research used only secondary data. Secondary data came from Apex Bank, Bangalore publications, District Central Co-operative Bank Chithradurga annual reports, publications, and office records, books, journals, and websites. Systematic and scientific data analysis and presentation. We tabulated and graphed the data. Proportion, average, AGR, CAGR, standard deviation, coefficient of variation.*

**Key Words:** *Assets, Barrowings, Branch network, Co-operation, Investment, Liabilities*

### **1. INTRODUCTION**

The banking industry assumes a pivotal role in facilitating the provision of loans for agricultural purposes and promoting rural development. Cooperative banks have emerged as prominent institutional entities due to their extensive branch network and extensive coverage, enabling them to expand their reach to distant regions inside the nation. Cooperative banks have a significant position in the rural lending landscape. Cooperative banks, characterized by their large networks and widespread presence in distant regions, have a substantial influence on the Indian economy, particularly in fostering banking practices among individuals with lower and moderate incomes, as well as facilitating the provision of credit in rural areas. The co-operative credit system, which has been in operation for over a century, has established a crucial financial infrastructure in rural regions, often regarded as the primary socio-economic mechanism of the nation. Several committees that conducted investigations into the issues surrounding agricultural credit have reached the consensus that, given the specific circumstances in India, there exists no viable alternative to village-level cooperatives for the supply of agricultural credit. The historical phrase "cooperatives have failed but cooperative must prevail" was expressed by the Rural Credit Survey Committee in 1954.

### **II. EVOLUTION OF CO-OPERATIVE CREDIT INSTITUTIONS IN INDIA**

The vast network of cooperative credit organizations in contemporary India serves rural finance. The 1904 Indian Cooperative Societies Act established cooperative credit institutions. The trend accelerated after the 1912 Act amendment. After the 1915 Mac Lagan Committee report, cooperative movement gained significance. For more intense rural loan extension, cooperation was considered provincial. Provincial and primary states organized cooperative organizations and credit banks more. Such institutions have legal frameworks. After independence, governments received significant funding to establish Cooperative Primary Societies, District Central Banks, and State Level

Apex Banks to create credit and service societies for rural farmers and craftsmen. The AD Gorwal Committee Report (1954) established District Central Cooperative Banks for each district to ensure stability and foster a robust cooperative credit framework.

### III. ESTABLISHMENT OF DCC BANKS

The introduction of the cooperative credit societies Act in 1904 for providing production credit to farmers marked the beginning of the institutionalization of cooperative banking system in India. The act of 1904 was amended in 1912 to facilitate the establishment of central cooperative banks at the district level, thereby giving it a three-tier federal character.

After the independence of the country, at the recommendations of the A.D. Gorwala committee (1954) one central cooperative bank for each district became dictum, particularly in the bigger states with a view to provide stability and facilitate emergence of a strong and powerful cooperative credit structure for the development of all cooperative activities at the district level. The establishment of central cooperative banks (DCCBS) at the district level was to serve as a link between the ultimate credit disbursing outlets, viz., Primary Agricultural Credit Societies (PACS) at the base level, District Central Cooperative Banks (DCCB) at the intermediate level and State Cooperative Banks (SCB) at the apex level. Until the nationalization of fourteen major commercial banks in 1969, DCCBS had the unique distinction of being the exclusive banking institution in the rural areas.

### IV. REVIEW OF LITERATURE

The researcher will review good number of earlier studies. Some of them have been areas following **Reddy (1994)**, assessed the working of Malkanoor Cooperative Rural Bank considering the variables like share capital, reserve fund, deposits and borrowings for the period 1978-79 to 1992-93. The compound growth rates were calculated by fitting an exponential growth function. The study revealed that the growth rates were relatively higher for deposits, reserves and investments. **Hosamani (1995)**, used various ratios to evaluate the performance of Malaprabha Gramina Bank in Karnataka. Profitability ratios were negative (-43%) due to higher burden ratio (3.11%) compared to spread (2.96%) **Palleri (1998)**, employed Compound Growth Rate to evaluate the management of the credit distribution to agricultural sector by KCC Bank, Dharwad. The important indicators considered were amount of credit disbursed, amount of agricultural credit and non-agricultural credit, total deposits, number of beneficiaries, recovery performance and overdues. **Shekhar et al. (1999)**, employed financial ratio analysis for the Karimnagar District Central Cooperative Bank in Andhra Pradesh, India. Financial ratios relating to solvency, liquidity, profitability, efficiency and strength of the bank were analyzed for the period 1985/86-1994/95.

### V. OBJECTIVES

1. An Analysis of Recurring Deposits and Other Liabilities of DCC Bank Chithradurga During the period 2015-16 to 2021-22
2. An Analysis of Barrowings and investments of DCC Bank Chithradurga During the period 2015-16 to 2021-22

### VI. RESEARCH METHODOLOGY

The research relied only on secondary data. The researcher gathered secondary data from various sources, including publications from Apex Bank in Bangalore, Annual Reports, Publications, and Office Records from District Central Co-operative Bank in Chitradurga, Annual Reports from DCC Bank in Chitradurga, as well as books, journals, and websites. The collected data was then analysed and presented in a methodical and scientific manner. A tabular and graphical representation of the data has been created. Percentage, average, annual growth rate (AGR), compound annual growth rate (CAGR), standard deviation, coefficient of variation.

## VI. PERFORMANCE EVALUATION OF CHITRADURGA DCC BANK

**Table No. 1**  
**Recurring Deposits of DCC Bank Chitradurga**

(In ₹. Crore)

Year	Recurring Deposits	% to Total	Annual Growth	AGR
2015-16	0.42	1.57		
2016-17	0.53	1.99	0.11	0.41
2017-18	0.47	1.76	-0.06	-0.22
2018-19	0.64	2.40	0.17	0.64
2019-20	0.88	3.30	0.24	0.90
2020-21	0.98	3.67	0.1	0.37
2021-22	22.75	85.30	21.77	81.63
Total	26.67	100.00		
Mean	3.81			
Stdev	8.35			
CV	219.27			
CAGR	76.88			

Source: DCC Bank Chitradurga Annual Report

DCC Bank Chitradurga's recurring deposits grew 0.41% annually from 2015-16 to 2016-17. This suggests rising client savings and bank confidence. The trend from 2015-16 to 2016-17 was good, notwithstanding a modest dip in 2017-18. Recurring deposits rose 0.64% in 2018-19. In 2019-20, the bank's offerings gained 0.88%, demonstrating maintained trust. Recurring deposits grew 0.98% in 2020-21, demonstrating clients' sustained confidence and contentment with the bank. In 2021-22, recurring deposits grew 22.75%, strengthening the bank's regional reputation. Total recurring deposits at DCC Bank Chitradurga are 26.67, with a mean of 3.81 and St. dev. of 8.35. DCC Bank Chitradurga's recurring deposits have grown 76.88% annually during the previous several years. The biggest rise was 81.63% in recurring deposits to ₹.85.30 crore in 2021-22. Despite fluctuations, recurring deposits have steadily increased, demonstrating the bank's savings options' growing popularity and confidence. The mean total of ₹.26.67 crore and a coefficient of variation of 219.27 indicate that the bank's recurring deposits have high growth potential despite data fluctuation. Over the years, DCC Bank Chitradurga's recurring deposits have grown by 76.88% annually. Recurring deposits made up 85.30% of total deposits in 2021-22 at 22.75 crore. Deposit growth is rising at 81.63% CAGR. Recurring deposits average ₹.3.81 crore, with a standard deviation of ₹.8.35 crore and a coefficient of variation of 219.27%.

**Table No. 2**  
**Borrowings of DCC Bank Chitradurga**

(In ₹ Crore)

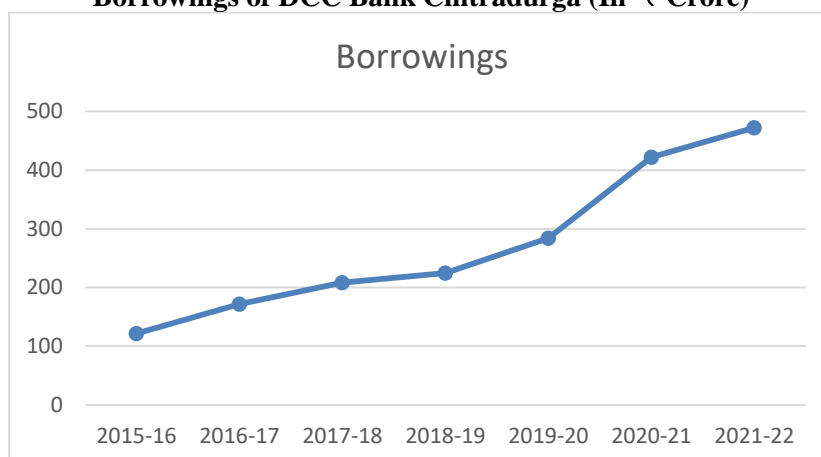
Year	Borrowings	% to Total	Annual Growth	AGR
2015-16	121.43	6.38		
2016-17	171.93	9.03	50.5	2.65
2017-18	208.24	10.94	36.31	1.91
2018-19	224.53	11.79	16.29	0.86
2019-20	283.9	14.91	59.37	3.12
2020-21	422.1	22.17	138.2	7.26
2021-22	472.15	24.79	50.05	2.63

Total	1904.28	100.00		
Mean	272.04			
Stdev	130.22			
CV	47.87			
CAGR	21.41			

Source: DCC Bank Chitradurga Annual Report

The data presented above shows the borrowings of DCC Bank Chitradurga over a period of several years. The borrowings have shown a steady increase from 2015-16 to 2021-22, with the total amount borrowed reaching ₹.1904.28 crore. The mean borrowing amount is ₹.272.04 crore, with a standard deviation of ₹.130.22 crore and a coefficient of variation of 47.87%. The compound annual growth rate (CAGR) for the borrowings is calculated to be 21.41%. This indicates a significant growth in the borrowings of DCC Bank Chitradurga over the years. The consistent rise in borrowings suggests that DCC Bank Chitradurga has been actively seeking financial support to fund its operations and expansion. The high coefficient of variation indicates that there has been some volatility in the borrowing amounts year on year. However, the impressive CAGR of 21.41% reflects the bank's ability to effectively manage its borrowings and utilize them for growth and development. Overall, the data highlights the financial strength and strategic planning of DCC Bank Chitradurga in managing its borrowings over the years.

**Graph No. 2**  
**Borrowings of DCC Bank Chitradurga (In ₹ Crore)**



**Table No. 3**  
**Other Liabilities of DCC Bank Chitradurga**  
**(In ₹ Crore)**

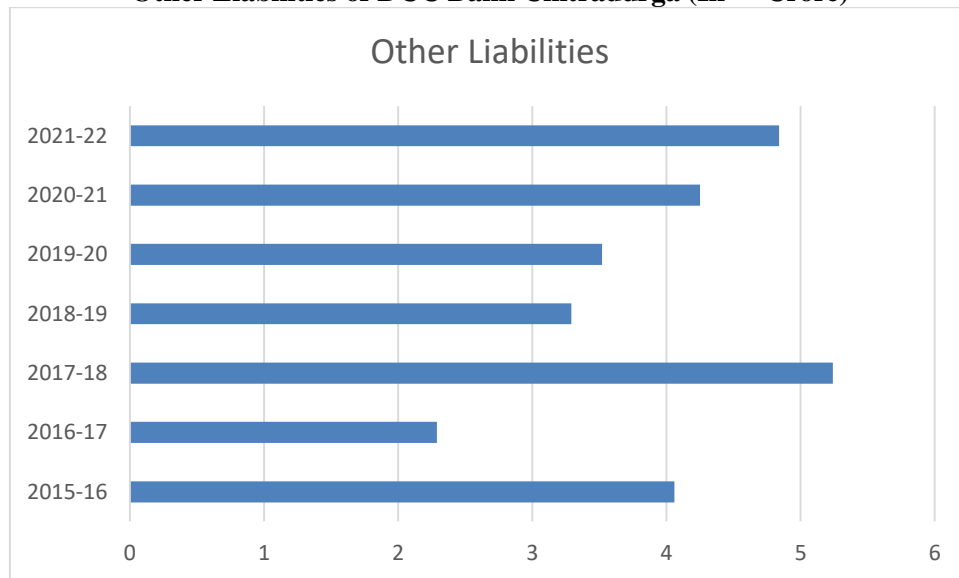
Year	Other Liabilities	% to Total	Annual Growth	AGR
2015-16	4.06	14.77		
2016-17	2.29	8.33	-1.77	-6.44
2017-18	5.24	19.06	2.95	10.73
2018-19	3.29	11.97	-1.95	-7.09
2019-20	3.52	12.80	0.23	0.84
2020-21	4.25	15.46	0.73	2.66
2021-22	4.84	17.61	0.59	2.15
Total	27.49	100.00		
Mean	3.93			
Stdev	0.99			

CV	25.32			
CAGR	2.54			

Source: DCC Bank Chitradurga Annual Report

The table shows from 2015-16 to 2016-17, other liabilities decreased -6.44% annually. This may be due to better financial management or bank operational adjustments. Other liabilities grew 10.73% from 2016-17 to 2017-18, potentially owing to expansion or financial responsibilities. With this growing tendency, the bank may have taken on additional obligations next year. Other liabilities decreased by -7.09% from 2017-18 to 2018-19, perhaps due to bank strategic choices to reduce debt or consolidate operations. This decline may be due to bank financial stability initiatives. The bank's financial strategy or investment choices may have changed due to other liabilities' 0.84% yearly rise from 2018-19 to 2019-20. This stability may indicate the bank's balance between growth and risk management. Total liabilities increased 2.66% from 2019-20 to 2020-21, suggesting the bank may be borrowing more or investing in new initiatives to expand. This growth may take advantage of market possibilities and prepare the bank for success. Reduced total liability increase from 2020-21 to 2021-22 to 2.15% implies the bank may be improving debt management or investment strategy. This move may be a strategy to ensure financial stability and sustainability in shifting markets. Other liabilities of DCC Bank Chitradurga have fluctuated throughout the years, with a mean of ₹.3.93 crore and a standard deviation of ₹.0.99 crore. These liabilities' CAGR is 2.54%, showing a moderate rise over time. The bank has kept its other obligations as a proportion of total liabilities steady despite minor fluctuations.

**Graph No. 3**  
**Other Liabilities of DCC Bank Chitradurga (In ₹ Crore)**



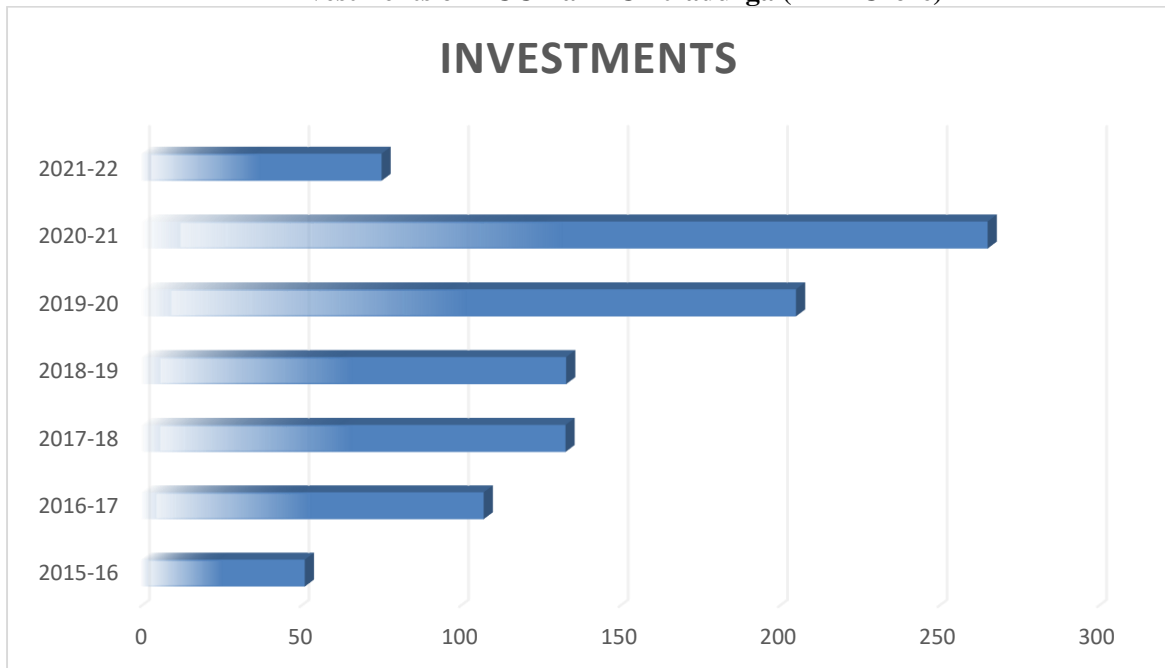
**Table No. 4**  
**Investments of DCC Bank Chitradurga**  
**(In ₹ Crore)**

Investments of DCC Bank Chitradurga(In ₹Crore)				
Year	Investments	% to Total	Annual Growth	AGR
2015-16	51.57	5.30		
2016-17	107.62	11.06	56.05	5.76
2017-18	133.27	13.70	25.65	2.64
2018-19	133.47	13.72	0.2	0.02
2019-20	205.52	21.13	72.05	7.41
2020-21	265.57	27.30	60.05	6.17
2021-22	75.62	7.77	-189.95	-19.53
Total	972.64	100.00		
Mean	138.95			
Stdev	74.33			
CV	53.50			
CAGR	5.62			

Source: DCC Bank Chitradurga Annual Report

Looking at the data provided, it is evident that the investments of DCC Bank Chitradurga have been steadily increasing over the years, with a few fluctuations along the way. From 2015-16 to 2020-21, there was a consistent growth in investments, with the highest annual growth rate recorded in 2019-20 at 7.41%. However, in 2021-22, there was a significant decrease in investments, resulting in a negative annual growth rate of -19.53%. Despite this setback, the total investments over the years amount to 972.64 crore, with a mean annual investment of 138.95 crore and a CAGR of 5.62%. This data indicates that while there have been fluctuations in investments, the overall trend shows a positive growth trajectory for DCC Bank Chitradurga. The investments of DCC Bank Chitradurga have shown steady growth over the years, with an annual growth rate ranging from 0.02% to 7.41%. However, in 2021-22, there was a significant decrease in investments, leading to a negative annual growth rate of -19.53%. Despite this outlier, the total investments over the period amounted to ₹.972.64 crore, with a mean annual investment of ₹.138.95 crore and a relatively high coefficient of variation of 53.50%. The compound annual growth rate (CAGR) for the period was calculated at 5.62%.

**Graph No. 4**  
**Investments of DCC Bank Chitradurga (In ₹ Crore)**



## VI. FINDINGS

1. DCC Bank Chitradurga's recurring deposits have grown by 76.88% annually, with the biggest increase of 81.63% in 2021-22. The bank's savings options have gained popularity and confidence, making up 85.30% of total deposits. The growth is at an 81.63% CAGR.
2. DCC Bank Chitradurga's borrowings have steadily increased from 2015-16 to 2021-22, reaching ₹.1904.28 crore with a compound annual growth rate of 21.41%, indicating strong financial strength and strategic planning in managing borrowings.
3. The table shows DCC Bank Chitradurga's other liabilities, which fluctuated over the years, ranging from -6.44% to -2.15%. These liabilities may be due to better financial management, expansion, or strategic decisions. Despite minor fluctuations, the bank has maintained a steady proportion of total liabilities.
4. DCC Bank Chitradurga's investments have shown steady growth, with a mean annual investment of ₹.138.95 crore and a compound annual growth rate (CAGR) of 5.62%. However, in 2021-22, there was a significant decrease, resulting in a negative annual growth rate of -19.53%.

## VIII. SUGGESTINS

1. Analyzing profitability, liquidity, solvency, and efficiency might help compare Karnataka District Central Co-operative Banks' financial performance. By comparing these ratios among banks, researchers may learn about their financial health and performance. A comparison analysis may also highlight Karnataka co-operative banking industry best practices and areas for development.
2. To enhance profitability and liquidity, DCC Bank management must establish a professionally managed investment portfolio. The goal is to increase profits by reinvesting some of the funds in more risky ventures.
3. Credit card, pay order, demand draft, and traveler's check issuance is one example of the non-traditional services provided by commercial banks in partnership with other financial institutions. Trustee services, executor services, etc.

## IX. CONCLUSION

Financial evaluation of District Central Co-operative Banks in Chithradurga District of Karnataka reveals that these banks play a crucial role in the financial inclusion of rural areas. Despite facing challenges such as non-performing assets and stiff competition from commercial banks, these co-

operative banks have shown resilience and adaptability. It is imperative for policymakers and stakeholders to continue supporting these institutions to ensure sustainable growth and development in the region.

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