



Financial performance and growth of District Central Co-Operative Banks (DCCBs) in Karnataka: A decadal analysis (2016 to 2024)

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Abstract

The Co-operative Movement in India began with the enactment of the Co-operative Credit Societies Act of 1904, aiming to provide affordable credit to rural farmers. The first District Central Co-operative Bank (DCCB) was established in Akola, Maharashtra in 1908, followed by the Co-operative Societies Act of 1912, which expanded the role of co-operatives. In Karnataka, DCCBs play a crucial role in rural credit distribution and agricultural financing. This study evaluates the financial performance, growth, and productivity of DCCBs in Karnataka from 2016 to 2024, based on key indicators like branch and staff expansion, share capital, working capital, deposits, advances, and employee productivity.

Keywords: District Central Co-Operative Banks (DCCBS), rural credit, financial performance, share capital and working capital, employee productivity, deposit mobilization, agricultural finance, co-operative movement in India

Introduction

India is adopted Agriculture sector. Agriculture development is important because it provides economic substance and builds up a strong industrial base. In agriculture production depends upon Capital formation. Thus, the development of agriculture is an 'accelerator' of the overall economic progress of the country. It is an imperative need to stabilize, and strengthen the Agriculture and Industrial sector. Agriculture occupation is the main rural masses. As well as Known three or fourths of cultivated area depends on Monsoon rains. It expresses to the agriculture one of the seasonal bases crop and its generated employment opportunity. In this Agriculture sector one of the major sectors of the rural economy in which unemployment and underemployment prevail. Poverty is essentially a rural problem linked with the backwardness of agriculture which implies low capacity to employ more workers gainfully.

According to the Dandekar and Rath "Urban Poverty is an overflow of rural poverty. Hence action against Poverty has to be initiated in rural areas". The creation of optimal employment opportunity in agriculture reduces rural poverty. More employment in agriculture is possible when its productivity is raised. Fortunately, "there is a considerable scope for increasing agricultural productivity because the present productivity is no more than two-fifth of what it could be". If agricultural Productivity is doubled it will give a boost to the secondary and tertiary sectors. Improving socio-economic life of agriculturists depends very much upon the development of agriculture, the progress of it hinges upon the several inputs, but the one input than can help the farmers to apply the other inputs is the capital namely credit. Finance is one of the important requirements of agriculture and other rural farm economic activities. In order words capital plays a crucial role in the overall development of rural economy. As majority of the farmers are economically weak, they are dependent on credit for their agricultural development. Agriculture cannot

develop unless credit facilities are available to farmers. The term credit is derived from the Latin word "Credere" this means to trust.

1904: The Co-operative Credit Societies Act was enacted by the British Government, marking the beginning of the Co-operative Movement in India. It aimed to provide credit to rural farmers and combat the exploitative practices of moneylenders. 1908: The first District Central Co-Operative Bank (DCCB) was established in Akola, Maharashtra. This was a major step in organizing credit institutions at the district level to support primary credit societies. 1912: The Co-operative Societies Act was passed, expanding the scope of co-operatives beyond credit to include other economic activities like marketing, production, and housing. It also allowed for the registration of non-credit co-operative societies and the formation of federations of societies.

List of district central co-operative bank's in karnataka

Sl. No	List of the district central co-operative bank ltd.
1)	Bangalore District Central Co-operative Bank
2)	Vijayapura District Central Co-operative Bank
3)	Bellary District Central Co-operative Bank
4)	Bidar District Central Co-operative Bank
5)	Kolar District Central Co-operative Bank
6)	Bagalkot District Central Co-operative Bank
7)	Chitradurga District Central Co-operative Bank
8)	Chikmagalur District Central Co-operative Bank
9)	Davanagere District Central Co-operative Bank
10)	Kalaburgi District Central Co-operative Bank
11)	Hassan District Central Co-operative Bank
12)	Kodagu District Central Co-operative Bank
13)	Belagavi District Central Co-operative Bank
14)	KCC Dharwad District Central Co-operative Bank
15)	Mandya District Central Co-operative Bank
16)	Mysore District Central Co-operative Bank
17)	North Kanara District Central Co-operative Bank
18)	Raichur District Central Co-operative Bank

19)	Shivamoga District Central Co-operative Bank
20)	South Canara District Central Co-operative Bank
21)	Tumkur District Central Co-operative Bank

Source: www.nafscobs

Definitions

Maharashtra Co-operative Societies Act (1960)

“District Central Co-operative Bank which is established at district level, which provides finance to all the co-operative societies in the district and conduct the activities and provide banking services according to the provisions of the co-operative act and banking act.

Shri. J. P. Neyogi, (1960) [8]

“A District Central Co-operative Bank means, a bank collecting co-operative fund from district and using for financing to Primary Credit Co-operative and Co-operatives. This bank is not Primary Urban Co-operative Bank”.

Objective of the Study

1. To study the Financial Performance of District Central Co-operative Banks (DCCB) in Karnataka.
2. To study the Financial Growth of Banks to Costumers in Karnataka.

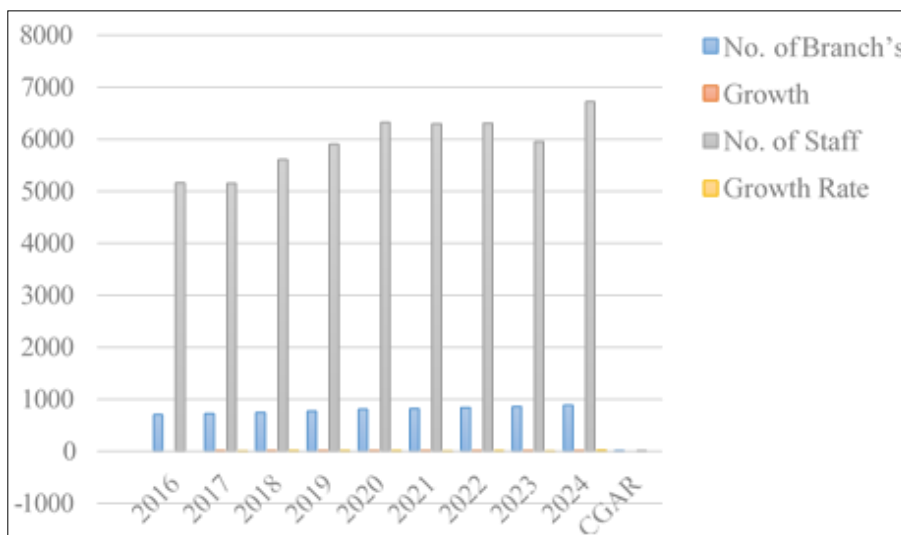
Methodology

The data will be collected secondary source, the secondary source is articles, journals, conference proceedings, Annual reports, Priority sector return submitted by SCBs, National Bank for Agriculture and Rural Development (NABARD), Public sector banks and Private sector banks data, State Level Bankers Committee (SLBCs), FIP returns submitted by Banks. Also Using of Descriptive Statistics.

Table 1: Year wise data shows Number of Branches and Number of Staff during the period from 2016 to 2024

Year	No. of Branch's	Growth Rate	No. of Staff	Growth Rate
2016	698	--	5161	--
2017	718	2.87	5151	-0.19
2018	745	3.76	5609	8.89
2019	776	4.16	5902	5.22
2020	805	3.74	6323	7.13
2021	818	1.61	6291	-0.51
2022	840	2.69	6306	0.24
2023	860	2.38	5953	-5.6
2024	880	2.33	6720	12.88
CGAR	3%	--	3%	--

Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024



Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024

Chart 1: Year wise chart shows Number of Branches and Number of Staff during the period from 2016 to 2024

Interpretation: Branch Expansion (2016–2024): The number of branches increased from 698 in 2016 to 880 in 2024, showing a steady Compound Growth Annual Rate (CGAR) of 3%.

The highest annual growth in branches was 4.16% in 2019, while the lowest was 1.61% in 2021. Staff Strength (2016–2024): The number of staffs increased from 5,161 in 2016 to 6,720 in 2024, also with a CGAR of 3%. Notable fluctuations occurred: Sharp increase in 2024 (12.88%), likely indicating recruitment or expansion. Declines in 2017 (-0.19%), 2021 (-0.51%), and 2023 (-5.6%), suggesting

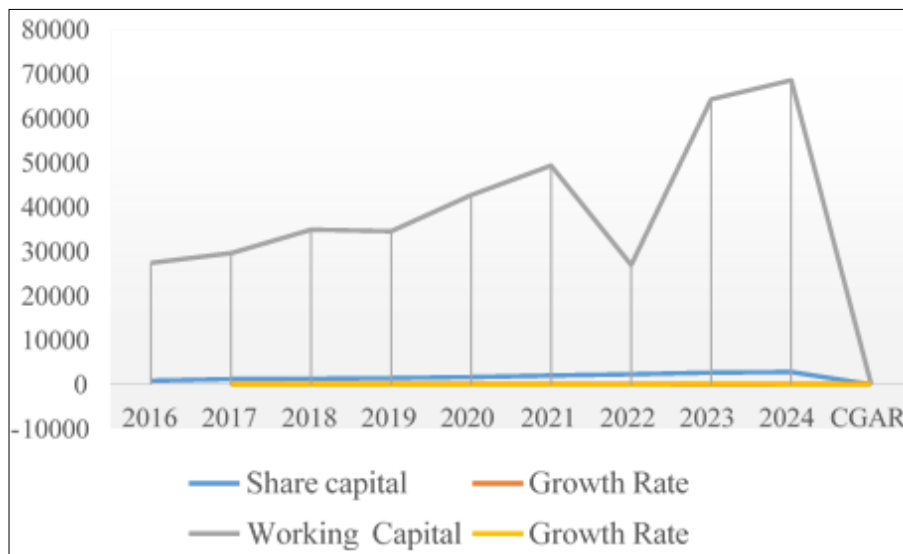
possible downsizing, automation, or efficiency measures. Conclusion: Over the 9-year period, both branches and staff grew at a steady 3% CGAR, reflecting moderate and consistent organizational expansion. While branch growth was stable and gradual, staff numbers showed variability, with both positive spikes and periodic declines, hinting at internal restructuring or strategic workforce adjustments. The significant staff increase in 2024 suggests renewed expansion, possibly due to increased business volume or new service lines.

Table 2: Year wise data shows Share Capital and Working Capital during the period from 2016 to 2024

Year	Share capital	Growth Rate	Working Capital	Growth Rate
2016	832.63		27396.08	
2017	1189.77	42.89	29610.89	8.08
2018	1266.03	6.41	34898.47	17.86
2019	1445.41	14.17	34542.85	-1.02
2020	1636.12	13.19	42671.84	23.53

2021	1989.12	21.58	49285.14	15.5
2022	2276.29	14.44	26909.1	-45.4
2023	2610.34	14.68	64266.01	138.83
2024	2802.36	7.36	68542.71	6.65
CGAR	14%	--	11%	--
Mean	1783.119	--	42013.68	--
Median	1636.12	--	34898.47	--
Maximum	2802.36	--	68542.71	--
Minimum	832.63	--	26909.1	--
Std. Dev.	677.0645	--	15629.92	--
Skewness	0.216166	--	0.722919	--
Kurtosis	1.762302	--	2.050843	--
Jarque-Bera	0.644552	--	1.121755	--
Probability	0.724498	--	0.570708	--
Sum	16048.07	--	378123.1	--
Sum Sq. Dev.	3667330	--	1.95E+09	--
Observations	9	--	9	--

Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024



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Chart 2: Year wise data shows Share Capital and Working Capital during the period from 2016 to 2024

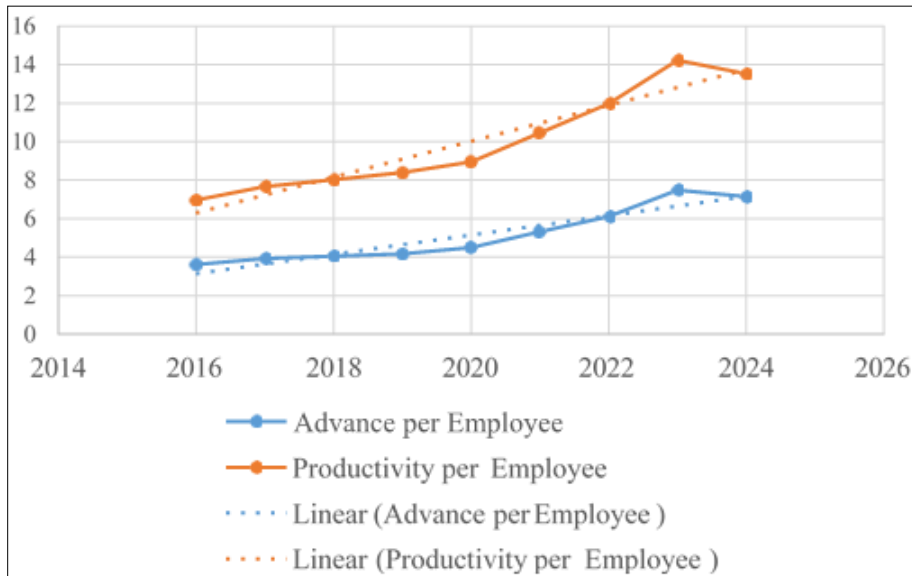
1. Share Capital: Share capital increased consistently from ₹832.63 million in 2016 to ₹2802.36 million in 2024, showing a Compound Growth Annual Rate (CGAR) of 14%. The highest annual growth occurred in 2017 (42.89%), indicating significant capital infusion that year. The growth remained steady in other years, reflecting continuous financial strengthening of the organization. **2. Working Capital:** Working capital also increased overall from ₹27,396.08 million in 2016 to ₹68,542.71 million in 2024, with a CGAR of 11%. However, growth was highly volatile: Major drop in 2022 (-45.4%), possibly due to high expenditure, losses, or liquidity crunch. Sharp recovery in 2023 (138.83%), suggesting strong financial rebound or operational improvements. **3. Statistical Overview:** Mean Working Capital: ₹42,013.68 million; Mean Share Capital: ₹1783.12 million. Standard deviation is higher in working capital, indicating greater fluctuations and financial risk. Skewness and kurtosis values suggest both data sets are moderately skewed and not heavily tailed, with normal distribution (Jarque-Bera p-values > 0.05). **Conclusion:** Share capital growth was strong and

stable, reflecting consistent investment and financial backing. Working capital, while growing in the long term, showed significant year-to-year volatility, especially in 2022 and 2023, indicating potential operational or liquidity challenges. Despite short-term fluctuations, the overall financial trend is positive, but better working capital management is recommended to ensure sustainable financial health.

Table 3: Year wise data shows Advance per Employee and Productivity per Employee during the period from 2016 to 2024

Year	Advance per Employee	Productivity per Employee
2016	3.62	6.96
2017	3.93	7.67
2018	4.06	8.02
2019	4.17	8.39
2020	4.51	8.95
2021	5.32	10.46
2022	6.11	11.98
2023	7.49	14.22
2024	7.14	13.52

Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024



Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024

Chart 3: Year wise chart shows Advance per Employee and Productivity per Employee during the period from 2016 to 2024

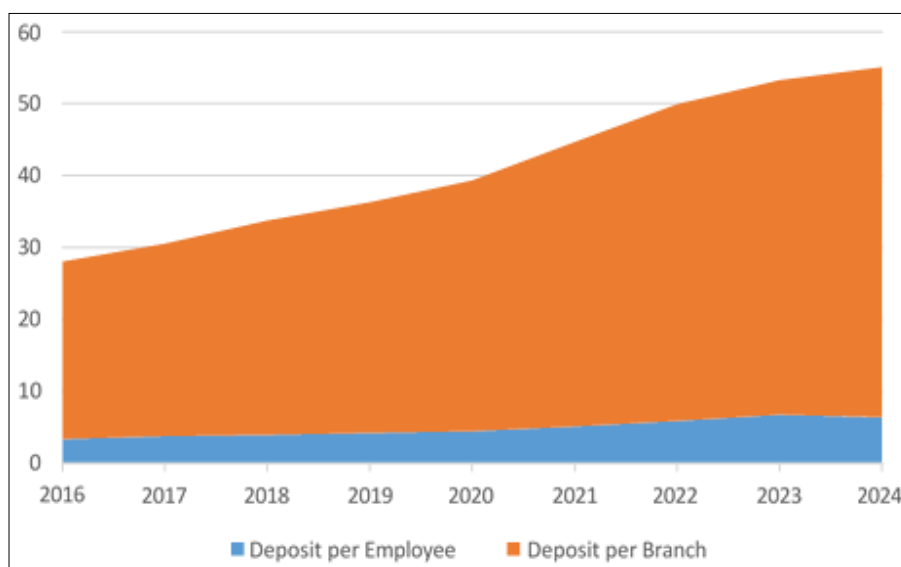
- 1. Advance per Employee:** Increased steadily from ₹3.62 million in 2016 to a peak of ₹7.49 million in 2023, before slightly dipping to ₹7.14 million in 2024. This upward trend indicates improved credit handling per employee, suggesting higher efficiency and workload capacity. The slight decline in 2024 may suggest either workforce expansion or change in lending policy.
- 2. Productivity per Employee:** Rose consistently from ₹6.96 million in 2016 to ₹14.22 million in 2023, then slightly dropped to ₹13.52 million in 2024. This shows that employee productivity nearly doubled over the period, indicating better performance, tools, or systems. The 2024 dip, like advances, might relate to organizational expansion or a temporary slowdown in output per person. Conclusion: Both advance per employee and productivity per employee showed strong and consistent growth from 2016 to 2023. The slight decline in 2024 does not significantly impact the overall

positive trend but should be monitored. The data suggests increasing operational efficiency, with employees contributing more value and handling larger advances over time.

Table 4: Year wise data shows Deposits per Employee and Deposit per Branch during the period from 2016 to 2024

Year	Deposit per Employee	Deposit per Branch
2016	3.34	24.71
2017	3.74	26.81
2018	3.96	29.8
2019	4.22	32.08
2020	4.44	34.9
2021	5.14	39.52
2022	5.87	44.04
2023	6.73	46.57
2024	6.38	48.72

Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024



Source: The Karnataka State co-operative Bank Ltd, Bangalore – 18. The Bank data during the period from 2016 to 2024

Chart 4: Year wise chart shows Deposits per Employee and Deposit per Branch during the period from 2016 to 2024

Deposits per Employee: Increased from ₹3.34 million in 2016 to a peak of ₹6.73 million in 2023, before slightly declining to ₹6.38 million in 2024. This reflects a steady improvement in employee efficiency in mobilizing deposits until 2023. The slight drop in 2024 could be due to an increase in staff count or slower deposit growth. 2. Deposits per Branch: Rose consistently from ₹24.71 million in 2016 to ₹48.72 million in 2024, showing continuous and stable growth. This indicates that each branch has become more productive in deposit mobilization over the years. Conclusion: Both deposits per employee and per branch have shown a positive long-term growth trend, signifying improved efficiency and performance in deposit mobilization. The minor dip in 2024 for deposits per employee is not alarming but may signal a need to optimize staff deployment or enhance productivity further. Overall, the data reflects healthy operational growth and increased resource utilization across the organization.

Findings

- Branch and Staff Growth:** The number of branches grew steadily from 698 in 2016 to 880 in 2024, with a Compound Growth Annual Rate (CGAR) of 3 Per cent. Staff strength increased from 5,161 to 6,720, also at a CGAR of 3 Per cent, though with noticeable fluctuations, especially a spike in 2024.
- Share Capital and Working Capital:** Share capital increased significantly from ₹832.63 Crores in 2016 to ₹2802.36 Crore in 2024, growing at 14 Rupees CGAR. Working capital showed volatility but grew from Rupees 27,396.08 Crore to Rupees 68,542.71 Crore, with an 11 Percent CGAR. A major dip in 2022 (-45.4%) was followed by a sharp rise in 2023 (+138.83%).
- Advance and Productivity per Employee:** Advance per employee rose from ₹3.62 Crore (2016) to Rupees 7.49 Crore (2023), slightly falling to Rupees 7.14 Crore (2024). Productivity per employee nearly doubled, from Rupees 6.96 Crores to Rupees 13.52 Crore over the same period.
- Deposits per Employee and per Branch:** Deposits per employee increased from Rupees 3.34 Crore (2016) to Rupees 6.38 Crore (2024). Deposits per branch grew steadily from Rupees 24.71 Crore to Rupees 48.72 Crore during the same period.

Suggestions

- Working Capital Stability:** The sharp fluctuation in working capital, especially in 2022, highlights the need for better liquidity and financial risk management strategies.
- Human Resource Optimization:** Fluctuating staff numbers and a dip in productivity per employee in 2024 suggest the need to train, retain, and optimally allocate workforce resources.
- Technology Adoption:** Consistent growth in productivity indicates good progress, but adopting modern banking technologies can further boost operational efficiency.

- Member Engagement:** DCCBs should strengthen their ties with rural communities, conduct financial literacy programs, and encourage greater member participation.
- Diversification of Services:** Expanding beyond credit—into areas like insurance, e-banking, digital payments, and rural entrepreneurship support—can increase relevance and sustainability.

Conclusion

The District Central Co-operative Banks (DCCBs) in Karnataka have shown steady growth in branches, staff, capital, and productivity over the period 2016–2024. While financial indicators like share capital and working capital demonstrate overall positive trends, fluctuations highlight the need for strong internal controls, strategic planning, and consistent policy implementation. The slight dip in 2024 in employee-based metrics suggests a transitional phase or restructuring effort. Overall, the District Central Co-operative Banks (DCCBs) continue to play a pivotal role in empowering the rural economy, and with focused strategies, they can enhance their impact further.

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