



AN ANALYSIS OF DISTRICT CENTRAL CO-OPERATIVE BANK CHIKKAMAGALURU: AN ERA

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Abstract

The District Central Co-Operative Bank Chikkamagaluru has been a pivotal financial institution in its region, adapting to challenges such as regulatory changes and competition while continuing to serve the local community. A review of literature highlights the importance of cooperative banks in regional development, emphasizing financial ratio analysis and efficiency studies across various banks. This paper aims to analyze the Total Advances, Cash on Hand and Balance with RBI, and Capital of DCC Bank Chikkamagalur from 2014-15 to 2021-22, utilizing secondary data from multiple financial sources. The findings indicate a consistent growth trend in total advances, deposits, and capital, with respective Compound Annual Growth Rates (CAGR) of 14.38%, 15.70%, and 16.38%. The analysis reveals a moderate level of variability in advances and a high variability in cash reserves, reflecting the bank's evolving financial landscape. Overall, the study underscores the bank's robust performance and adaptability in a changing economic environment.

Key Words: *District Central Co-Operative Bank Chikkamagalur, financial landscape.*

Introduction

The District Central Co-Operative Bank Chikkamagaluru has played a vital role in the financial landscape of the region for many years, offering essential banking services to the local populace. In recent times, the bank has encountered various challenges, including regulatory changes, heightened competition, and shifting customer preferences. Nevertheless, it has demonstrated resilience by adapting and innovating to maintain its relevance in the evolving banking environment.

This comprehensive analysis of the bank's financial performance from 2014-15 to 2021-22, focusing on key metrics such as total advances, cash reserves, total deposits, and capital. The methodology employed includes secondary data analysis from various financial reports, with findings presented through tables and graphical representations.

The results indicate a consistent upward trend in the bank's financial indicators, reflecting its robust growth and stability amidst the challenges faced. This study aims to provide insights into the bank's operational efficiency and financial health, contributing to the broader understanding of cooperative banking in India.

Review of literature

According To Anil Kumar Soni & Harjinder Pal Singh Saluja (2014), Conducted The Study On “Financial Ratio Analysis Of Dcc Bank Limited Rajnandgaon A Case Study” The study also examined that the District Central Cooperative Bank is crucial to Rajnandgaon's agricultural and rural development, according to the report. Through their vast network, DCC Bank reaches rural Rajnandgaon. DCC Bank Rajnandgaon connects Apex Bank and Primary Agriculture Cooperative Societies. Cooperative credit movement in a district relies on its financial strength. DCC Bank is a district-level finance organisation that meets the credit requirements of various cooperatives. Most district central cooperative banks have overdue, recovery, nonperforming assets, and other issues. Studying DCC Bank Rajnandgaon's financial ratios is crucial. This report analyses DCC Bank



Rajnandgaon's 2008-2009–2010-2011 financial ratios. This study uses Financial Ratio Analysis. The research uses secondary data. Positive and adequate expansion of DCC Bank Rajnandgaon is empirical. Bank liquidity and solvency were good.

Mohammad Hashem Botshekan, Amir Takaloo, Reza H. Soureh and Mohammad Sadegh Abdollahi Poor (2021), in their paper entitled “Global Economic Policy Uncertainty and Non- Performing Loans in Iranian Banks: Dynamic Correlation using the DCC-GARCH Approach” The study examines the relationship between the Global Economic Policy Uncertainty index (GEPU) and Non-Performing Loans (NPL) in Iran, focusing on the impact of economic uncertainty on banking performance. The results show that NPL is associated with GEPU during major global shocks like the 2008 financial crisis and the Covid-19 pandemic. However, correlations are generally low due to sanctions, government loans, and forced interest rates. The study also compares the correlation with countries with open economies, such as Japan, Singapore, the US, Turkey, and Spain.

SARTHAK GAURAV and JISHA KRISHNAN (2017), in their paper entitled “How Efficient Are India's Cooperative Banks? Evidence from DCCBs” viewed that current paper Despite their unique organisational structure and mutual banking concept, cooperative banks have little efficiency data. Building a panel of 297 district central cooperative banks in India from 2002-14 examines their efficiency. Parametric and non-parametric frontier analysis show that efficiency estimates differ depending on whether DCCBS advances or investments are output. Mapping cooperative banking efficiency indicates that DCCBS efficiency varies widely among states. The results offer creative solutions to boost cooperative banking efficiency in the nation.

Qifa Xu, Lu Chen, Cuixia Jiang, Jing Yuan, (2018), in their worked paper on “Measuring systemic risk of the banking industry in China: A DCC-MIDAS-t approach,” The paper uses the CoVaR approach to measure systemic risk in the Chinese banking sector. It introduces the student's t distribution into DCC-MIDAS and proposes a DCC-MIDAS-t model for processing fat-tailed financial returns. Empirical studies show the DCC-MIDAS-t model is preferred for volatility prediction and CoVaR measure accuracy. The findings suggest banks like BOC and BONB should be supervised post-crash.

Objectives

1. An analysis of Total Advances and Total Deposits of DCC Bank Chikkamagalur During the period of 2014-15 to 2021-22.
2. Performance of Cash on Hand and Balance with RBI During the period of 2014-15 to 2021-22.
3. A Study on Capital of DCC, Bank Chikkamagalur During the period of 2014-15 to 2021-22.

Methodology

The investigation used secondary data from several sources, including publications from Apex Bank, DCC Bank Chikkamagalur, and other financial institutions. The data were systematically assessed and shown in tabular and graphical formats. The used forms included the average, compound annual growth rate (CAGR), standard deviation, and coefficient of variation.

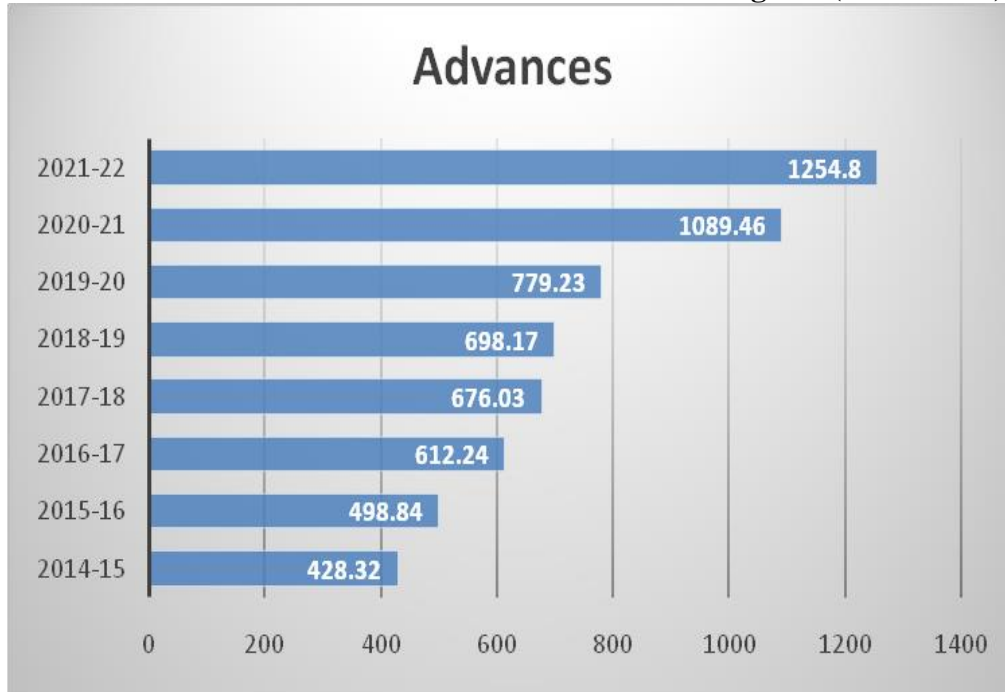


Table No. 1: Total Advances of DCC Bank Chikkamagalur (in ₹ Crore)

Year	Advances	Percent to total	Growth Per Annum	AGR
2014-15	428.32	7.09		
2015-16	498.84	8.26	70.52	1.17
2016-17	612.24	10.14	113.4	1.88
2017-18	676.03	11.20	63.79	1.06
2018-19	698.17	11.56	22.14	0.37
2019-20	779.23	12.91	81.06	1.34
2020-21	1089.46	18.05	310.23	5.14
2021-22	1254.8	20.78	165.34	2.74
TOTAL	6037.09	100.00		
Mean	754.64			
Std. Dev	283.96			
CV	37.63			
CAGR	14.38			

Source: DCC Bank Chikkamagalur Annual Report

Chart No. 1: Total Advances of DCC Bank Chikkamagalur (in ₹ Crore)



Looking at the data provided, it is evident that the total advances of DCC Bank Chikkamagalur have shown a steady increase over the years, with a significant growth in the most recent year. The mean advances amount to 754.64 crores, with a standard deviation of 283.96 crores.

The coefficient of variation (CV) stands at 37.63, indicating a moderate level of variability in the advances. The compound annual growth rate (CAGR) of 14.38% reflects the average annual growth rate of the advances over the period.

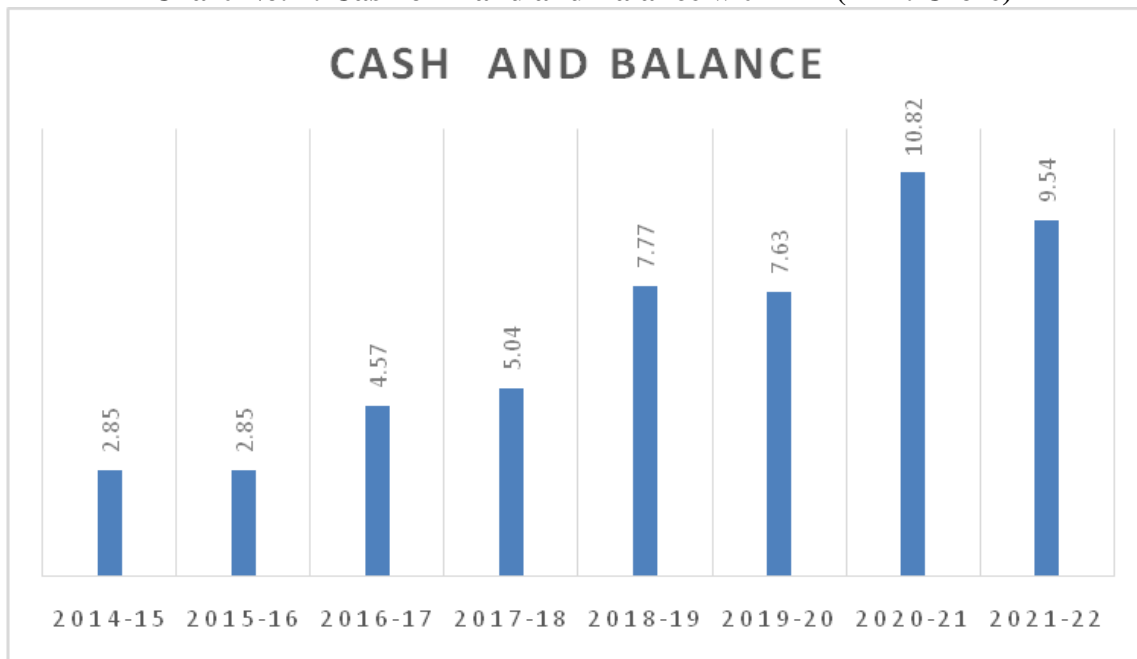


Table No. 2: Cash on Hand and Balance with RBI(In ₹. Crore)

YEAR	Cash And Balance	Percent to total	Growth Per Annum	AGR
2014-15	2.85	5.58		
2015-16	2.85	5.58	0	0.00
2016-17	4.57	8.95	1.72	3.37
2017-18	5.04	9.87	0.47	0.92
2018-19	7.77	15.21	2.73	5.35
2019-20	7.63	14.94	-0.14	-0.27
2020-21	10.82	21.19	3.19	6.25
2021-22	9.54	18.68	-1.28	-2.51
TOTAL	51.07	100.00		
Mean	2.56			
Std. Dev	3.00			
CV	117.53			
CAGR	16.30			

Source: DCC Bank Chikkamagalur Annual Report

Chart No. 2: Cash on Hand and Balance with RBI(In ₹. Crore)



The data provided in the table shows the Cash on Hand and Balance with RBI from the years 2014-15 to 2021-22.

The total amount of cash and balance with RBI over the period is Rs. 51.07 crore, accounting for 100% of the total. The mean annual growth rate (CAGR) over this period is 16.30%, indicating a steady increase in cash reserves and balance with RBI. The standard deviation is 3.00, and the coefficient of variation is 117.53, showing a high level of variability in the data.

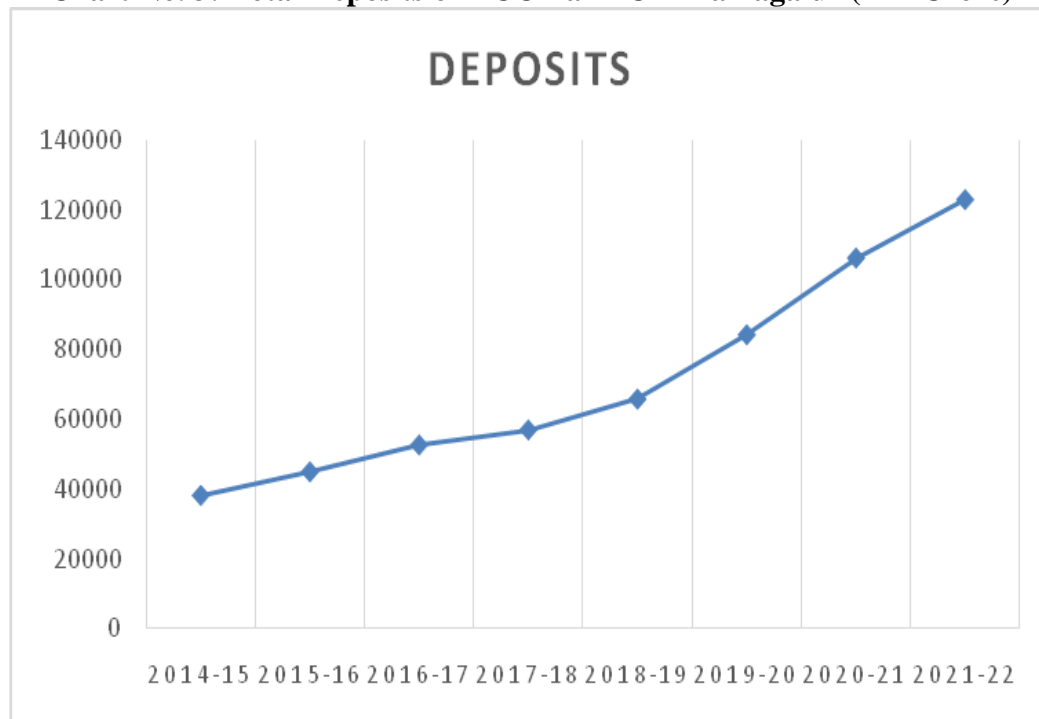


Table No. 3: Total Deposits of DCC Bank Chikkamagalur (In ₹Crore)

Year	Deposits	Percent to total	Growth Per Annum	AGR
2014-15	38321.13	6.69		
2015-16	45061.84	7.87	6740.71	1.18
2016-17	52781.58	9.21	7719.74	1.35
2017-18	57085.76	9.97	4304.18	0.75
2018-19	65901.53	11.51	8815.77	1.54
2019-20	84325.33	14.72	18423.8	3.22
2020-21	106305.2	18.56	21979.87	3.84
2021-22	123024.9	21.48	16719.7	2.92
Total	572807.3	100.00		
Mean	71600.91			
Std. Dev.	30284.20			
CV	42.30			
CAGR	15.70			

Source: DCC Bank Chikkamagalur Annual Report

Chart No. 3: Total Deposits of DCC Bank Chikkamagalur (In ₹Crore)



The total deposits of DCC Bank Chikkamagalur have steadily increased over the years, with a significant growth rate of 15.70% per annum. The highest growth in deposits was seen in the year 2019-20, with an increase of Rs. 18423.80 crore. The mean deposit amount is Rs. 71600.91 crore, with a standard deviation of Rs. 30284.20 crore, resulting in a coefficient of variation of 42.30%. Overall, the bank has shown consistent growth in deposits, reflecting a positive trend in its financial performance.

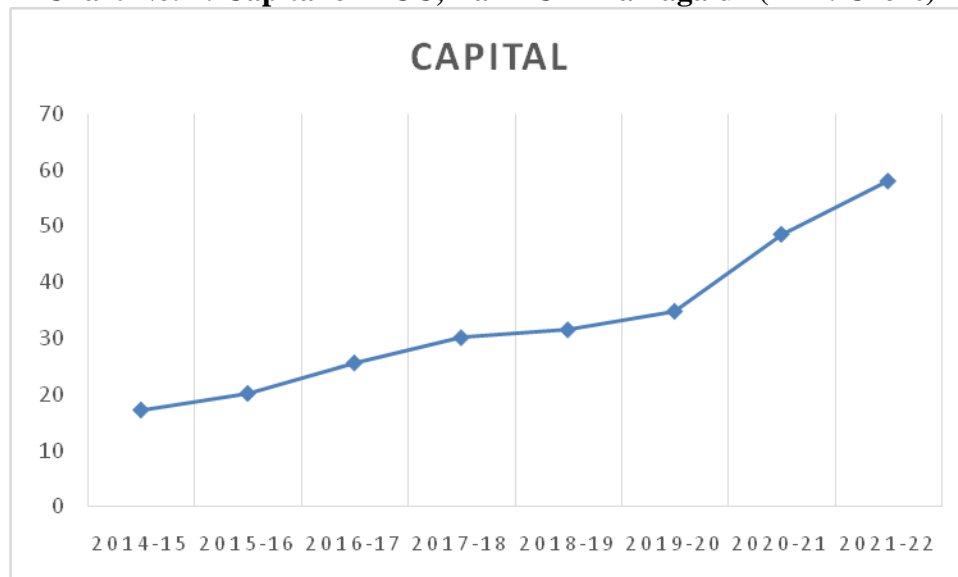


Table No. 4 Capital of DCC, Bank Chikkamagalur (In ₹. Crore)

Year	Capital	Percent to Total	Growth Per Annum	AGR
2014-15	17.25	6.48		
2015-16	20.18	7.58	2.93	1.10
2016-17	25.63	9.63	5.45	2.05
2017-18	30.13	11.32	4.5	1.69
2018-19	31.52	11.84	1.39	0.52
2019-20	34.83	13.09	3.31	1.24
2020-21	48.56	18.25	13.73	5.16
2021-22	58.04	21.81	9.48	3.56
Total	266.14	100.00		
Mean	33.27			
Std. Dev.	13.88			
CV	41.73			
CAGR	16.38			

Source: DCC Bank Chikkamagaluru Annual Report

Chart No. 4: Capital of DCC, Bank Chikkamagalur (In ₹. Crore)



The data provided shows the capital of DCC in Bank Chikkamagalur over the years, with a steady increase from 2014 to 2022. The total capital reached Rs. 266.14 crore by 2022, with a mean capital of Rs. 33.27 crore. The Compound Annual Growth Rate (CAGR) over the period was calculated at 16.38%, indicating a strong and consistent growth in capital investment. The Standard Deviation of Rs. 13.88 and Coefficient of Variation (CV) of 41.73 also suggest some variability in the capital values over the years.

Findings of the Study

1. DCC Bank Chikkamagalur's total advances have consistently increased, with a significant increase in the most recent year. The mean advances are 754.64 crores, with a moderate level of variability and a compound annual growth rate of 14.38%.



2. The table shows Cash on Hand and Balance with RBI from 2014-15 to 2021-22, with a total of Rs. 51.07 crore, a mean annual growth rate of 16.30%, and a high level of variability.
3. DCC Bank Chikkamagalur's deposits have grown at a 15.70% annual rate, with the highest increase in 2019-20. The bank's financial performance is positive, with a mean deposit amount of Rs. 71600.91 crore.
4. DCC's capital in Bank Chikkamagalur increased steadily from 2014 to 2022, reaching Rs. 266.14 crore with a mean capital of Rs. 33.27 crore, with a CAGR of 16.38%, indicating consistent growth.

Suggestions

Here are some suggestions based on the provided information about the District Central Co-Operative Bank Chikkamagaluru:

1. Adaptation Strategies: Continue to innovate and adapt to changing regulatory requirements and customer preferences to maintain relevance in the competitive banking landscape.
2. Growth Focus: Leverage the positive trends in total advances, deposits, and capital growth to enhance marketing strategies and attract more customers.
3. Efficiency Improvement: Explore creative solutions to improve the efficiency of cooperative banking operations, as indicated by varying efficiency levels among district central cooperative banks.
4. Long-term Planning: Develop long-term financial plans that consider historical growth rates and market trends to ensure sustainable development.
5. Training and Development: Invest in staff training to enhance service delivery and customer satisfaction, which can lead to increased deposits and customer loyalty.

Conclusion

In conclusion, the District Central Co-Operative Bank Chikkamagaluru has demonstrated resilience and adaptability in the face of various challenges over the years. The analysis of financial data from 2014-15 to 2021-22 reveals a consistent upward trend in total advances, deposits, and capital, indicating robust growth and financial health. The bank's total advances grew at a compound annual growth rate (CAGR) of 14.38%, while total deposits and capital exhibited CAGRs of 15.70% and 16.38%, respectively. These figures reflect the bank's ability to meet the evolving needs of its customers and maintain its relevance in the competitive banking landscape. Additionally, the variability in cash reserves and other financial metrics suggests areas for further improvement and strategic focus. Overall, DCC Bank Chikkamagaluru is well-positioned for continued success, contributing significantly to the financial stability and development of the local community.

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