

Analysis of DCC Bank Chikkamagalur and Chitradurga: A Comparative study

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Abstract

This comparative analysis examines the performance of the Chitradurga District Co-Operative Central Bank and the Chikkamagaluru District Co-Operative Central Bank from 2017-18 to 2021-22. Established in 1955, the Chitradurga bank serves a diverse agricultural community across six taluks, financing farmers through 157 Primary Agriculture Cooperative Societies. In contrast, the Chikkamagaluru bank, also established in 1955, operates 28 branches and is recognized for its profitability and strong performance in agricultural financing, particularly in coffee and other cash crops. The study utilizes secondary data to analyze reserve funds, borrowings, and investments of both banks. Findings indicate a consistent increase in reserve funds, with Chitradurga's reserves growing from 16.16 crores to 26.31 crores and Chikkamagalur's from 52.07 crores to 85.41 crores over the analyzed period. Borrowings also rose, with Chitradurga totaling Rs. 1610.92 crore and Chikkamagalur Rs. 1709.3 crore, although Chitradurga exhibited a higher CAGR of 17.79% compared to Chikkamagalur's 7.51%. Investment trends revealed a significant increase in Chikkamagalur, with a CAGR of 13.96%, while Chitradurga experienced a decline of -10.71%. Overall, the analysis highlights the differing trajectories and financial health of the two banks, emphasizing the need for strategic adaptations in the face of evolving agricultural financing challenges.

Keywords: Co-Operative Central Bank, CAGR, Borrowings, Reserve Funds, Investment

INTRODUCTION

1. Chitradurga District Co-Operative Central Bank

The Chitradurga District Co-Operative Central Bank Ltd., Chitradurga was established in 1955 and covers the entire Chitradurga district with 6 taluks. The major crops in the district include Jowar, Cotton, Groundnut, Sunflower, and Maize. The bank has 14 branches, with 7 located at Taluk Head Quarters and 7 in rural areas. Farmers in the district are financed through 157 Primary Agriculture Cooperative Societies ceded to the bank. The district has a total area of 770702 ha, with 387100 ha under cultivation and 75734 ha under minor irrigation. There are 2,90,577 agricultural families in the district, with 1,99,547 being small and marginal farmers, 60,063 being medium farmers, and 30967 being big farmers. SC/ST farmers make up 66490, 17509, and 6540 farmers, respectively. The bank has 330608 members, with 108743 belonging to SC/ST communities. The bank can finance 52078 members through 147 PACS, with 12498 being SC/ST beneficiaries.

2. Chikkamagaluru District Co-Operative Central Bank

Chikkamagaluru is a small, beautiful district located in the western Ghats, with 8 Taluks and most cove-

red in hill stations. The district is rich in forest resources, hill stations, and water resources, and is known for its pleasant climate and being recognized as the World's No II safest habitual place. Major commercial crops such as coffee, pepper, arecanut, coconut, food grains, and vegetables are grown in the district.

Chikamagaluru District Co-operative Central Bank was registered on February 25, 1955, and obtained the RBI license in 2011-12. With 28 branches, the bank serves farmers in the district, earning continuous profit. The bank is appreciated by NABARD and recognized with an 'A' grade. The district is also recognized as the World's No II safest habitual place. The district has a pleasant climate and is home to major commercial crops such as coffee, pepper, arecanut, coconut, food grains, and vegetables. The district's bank is recognized with an RBI license and is appreciated by NABARD.

3. Review of literature

Rabi N. Patra and Mahendra P. Agasty (2013), in their study, "Cooperatives, Agriculture and Rural Development: Role, Issues and Policy Implications" stated that, Credit cooperatives, crucial to the Indian rural economy, are facing new challenges due to globalization, structural adjustment programs, market-oriented economies, democratization, decentralization, agricultural industrialization, and rural out-migration. They need to reevaluate and reinvent themselves to adapt and remain effective rural institutions.

Anil Kumar Soni and Dr. Harjinder Pal Singh Saluja (2014), in their study, "Role of Cooperative Bank in Agricultural Credit: A Study Based on Chhattisgarh" stated that, the co-operative banking sector is one of the main parts of Indian banking structure, the co-operative banks have reach to the rural India, through their network of credit societies in the institutional credit structure. The co-operative sector has played a pivotal role in the economy and always recognized as an important part of our economy. Co-operatives have ideological base with social outlook and approach. The cooperative covers almost all villages in India. The co-operative organization is an organization for economically.

Palwinder Singh and Dr. Jasmindeep Kaur (2015), in their article, "Role of Cooperative Banks in the Development of Agriculture Sector in Punjab" stated that, the scenario of agriculture in Punjab has witnessed fast transformation since 1960's. In this process, farmers have become more capital intensive. Hence, the dependency on credit has increased for meeting their agricultural necessities. In Punjab, Co-operative banks play a significant role in the development of agriculture sector. This study examined the organization, trend and pattern of agriculture credit and challenges faced by Co-operative banking institution in Punjab. It can be concluded that the performance of Co-operative Banks with regard to agriculture credit in Punjab has deteriorated. There is urgent need to open new branches of co-operative bank in rural area and extend all financial facilities at lower cost.

4. Objectives

1. DCC Bank Chithradurga and Chikkamagalur conducted an analysis of the performance of their reserve funds and other reserves throughout the course of the period from 2017-2018 to 2021-22.
2. An Analysis of Borrowings of DCC Bank Chithradurga and Chikkamagalur During the period 2017-18 to 2021-22
3. Performance of Investments of DCC Bank Chithradurga and Chikkamagalur During the period 2017-18 to 2021-22

5. Research Methodology

The research utilized secondary data from various sources, including publications from Apex Bank, DCC Bank Chithradurga and Chikkamagalur, and other banks. The data was analyzed and presented in a methodical and scientific manner, with tabular and graphical representations including average, CAGR, standard deviation, and coefficient of variation.

6. Analysis of the Study

Table No. 1

Reserve Funds & Other Reserves of DCC Bank Chithradurga and Chikkamagalur (In ₹. Crore)

Year	Chithradurga	Chikkamagalur
2017-18	16.16	52.07
2018-19	18.01	62.71
2019-20	20.27	70.3
2020-21	23.62	78.64
2021-22	26.31	85.41
Total	104.37	349.13
Mean	20.87	69.83
Std. Dev	4.12	13.10
CV	19.73	18.76
CAGR	10.24	10.40

Source: DCC Bank Annual Report Chithradurga and Chikkamagalur

The data shows a consistent increase in both reserve funds and other reserves of DCC Bank Chithradurga and Chikkamagalur over the years. From 2017-18 to 2021-22, the total reserves for Chithradurga have grown from 16.16 crores to 26.31 crores, while for Chikkamagalur the reserves have increased from 52.07 crores to 85.41 crores. The average reserve for Chithradurga stands at 20.87 crores, with a standard deviation of 4.12 crores and a coefficient of variation of 19.73%. Similarly, for Chikkamagalur, the average reserve is 69.83 crores, with a standard deviation of 13.10 crores and a coefficient of variation of 18.76%. The compound annual growth rate (CAGR) for Chithradurga is 10.24% and for Chikkamagalur is 10.40%. This indicates a steady and positive growth trend in the reserve funds and other reserves for both DCC Bank Chithradurga and Chikkamagalur.

Graph No. 1

Reserve Funds & Other Reserves of DCC Bank Chithradurga and Chikkamagalur (In ₹. Crore)

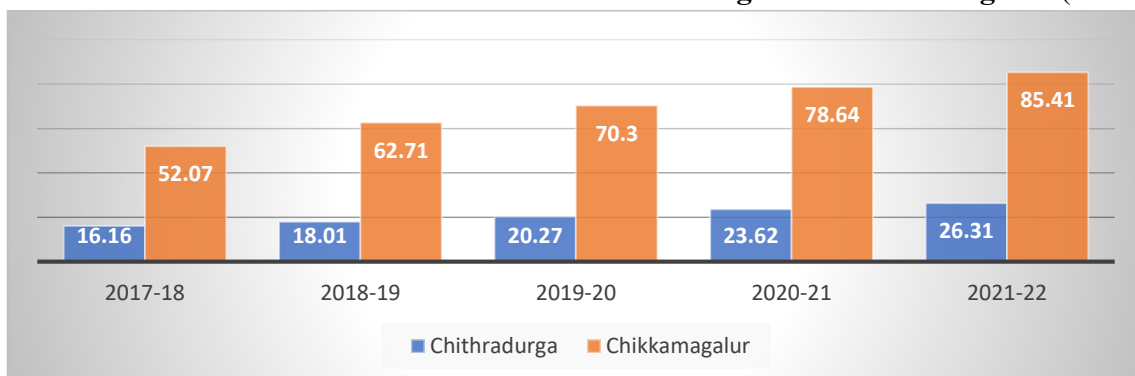


Table No. 2
Borrowings of DCC Bank Chitradurga and Chikkamagalur (In ₹. Crore)

Year	Chitradurga	Chikkamagalur
2017-18	208.24	313.91
2018-19	224.53	278.58
2019-20	283.9	251.25
2020-21	422.1	414.61
2021-22	472.15	450.95
Total	1610.92	1709.3
Mean	322.18	341.86
Stdev	118.80	86.87
CV	36.87	25.41
CAGR	17.79	7.51

Source: DCC Bank Annual Report Chitradurga and Chikkamagalur

The data shows a steady increase in borrowings for both DCC Bank Chitradurga and Chikkamagalur over the years. In 2021-22, Chitradurga had borrowed a total of Rs. 472.15 crore, while Chikkamagalur had borrowed Rs. 450.95 crore. The total borrowings for Chitradurga amounted to Rs. 1610.92 crore, with an average borrowing amount of Rs. 322.18 crore per year. Chikkamagalur, on the other hand, had total borrowings of Rs. 1709.3 crore, with an average of Rs. 341.86 crore per year. The data also shows that Chitradurga had a higher compound annual growth rate (CAGR) of 17.79% compared to Chikkamagalur's CAGR of 7.51%.

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

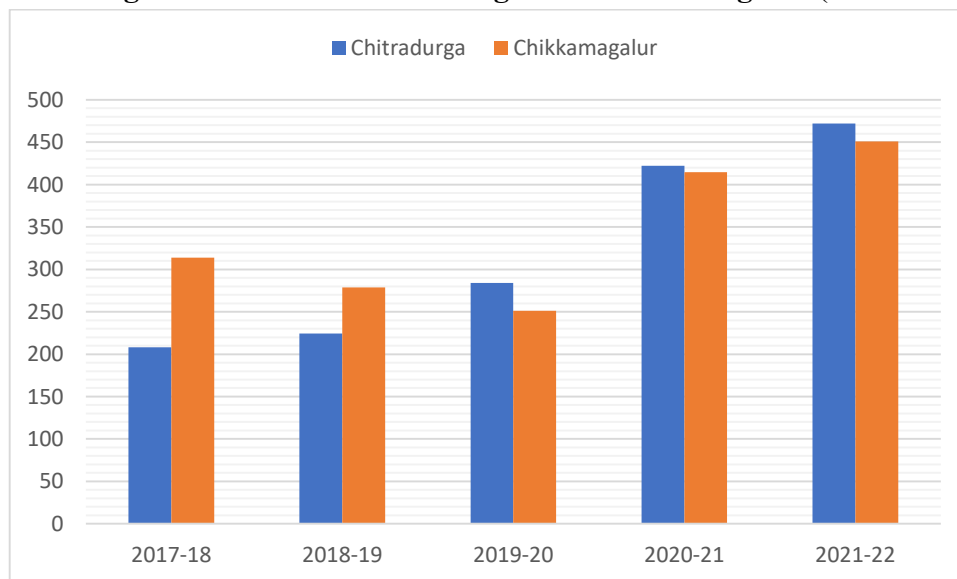


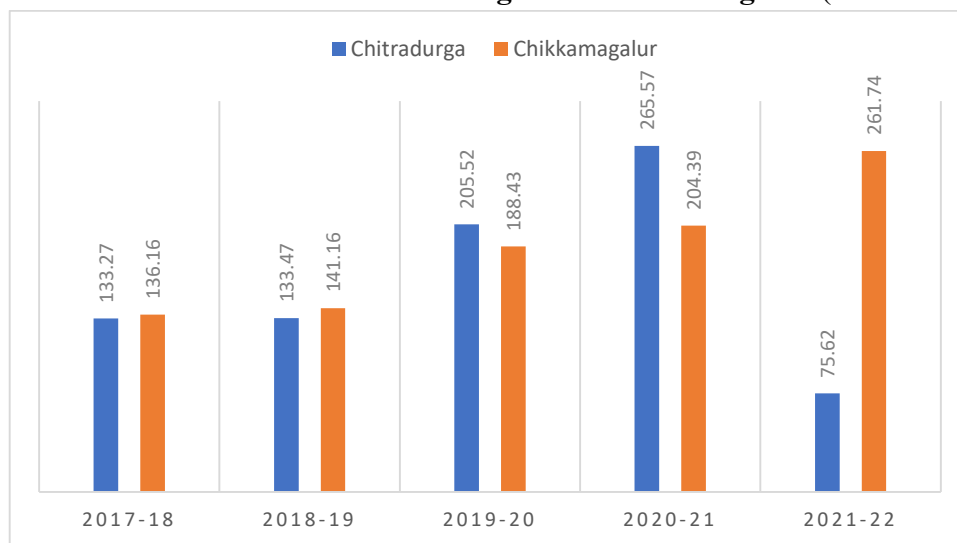
Table No. 3
Investments of DCC Bank Chitradurga and Chikkamagalur (In ₹. Crore)

Year	Chitradurga	Chikkamagalur
2017-18	133.27	136.16
2018-19	133.47	141.16
2019-20	205.52	188.43
2020-21	265.57	204.39
2021-22	75.62	261.74
Total	813.45	931.88
Mean	162.69	186.38
Stdev	73.69	51.42
CV	45.29	27.59
CAGR	-10.71	13.96

Source: DCC Bank Annual Report Chitradurga and Chikkamagalur

The data presented shows the investments made by DCC Bank in Chitradurga and Chikkamagalur over the span of several years. In Chitradurga, there was a significant increase in investments from 2017-18 to 2021-22, reaching a total of Rs. 813.45 Crore. On the other hand, investments in Chikkamagalur also saw growth, totaling Rs. 931.88 Crore. The mean investment in Chitradurga was Rs. 162.69 Crore with a standard deviation of 73.69, while in Chikkamagalur, the mean investment was Rs. 186.38 Crore with a standard deviation of 51.42. The compound annual growth rate (CAGR) for Chitradurga was -10.71%, indicating a decrease in investments over the years, whereas Chikkamagalur had a CAGR of 13.96%, showing a positive growth trend.

Graph No. 3
Investments of DCC Bank Chitradurga and Chikkamagalur (In ₹. Crore)



7. Findings of the Study

1. DCC Bank Chitradurga and Chikkamagalur have experienced consistent increases in reserve funds and other reserves from 2017-18 to 2021-22. The average reserve for Chitradurga is 20.87 crores,

while for Chikkamagalur it is 69.83 crores. The compound annual growth rate (CAGR) for both banks is 10.24% and 10.40% respectively.

2. DCC Bank Chitradurga and Chikkamagalur have seen a steady increase in borrowings over the years, with Chitradurga borrowing Rs. 1610.92 crore and Chikkamagalur borrowing Rs. 450.95 crore in 2021-22, with Chitradurga having a higher compound annual growth rate.
3. DCC Bank's investments in Chitradurga and Chikkamagalur increased significantly from 2017-18 to 2021-22, reaching Rs. 813.45 Crore and Rs. 931.88 Crore respectively. The mean investment in Chitradurga was Rs. 162.69 Crore, while in Chikkamagalur it was Rs. 186.38 Crore.

8. Conclusion

In conclusion, the Chitradurga and Chikkamagaluru District Co-Operative Central Banks have demonstrated notable performance in their financial metrics from 2017-2022. Both banks have experienced consistent growth in reserve funds, with Chitradurga's reserves increasing from 16.16 crores to 26.31 crores and Chikkamagalur's from 52.07 crores to 85.41 crores. Borrowings have also risen, with Chitradurga achieving a CAGR of 17.79%, significantly higher than Chikkamagalur's 7.51%. However, while Chitradurga's investments have declined with a CAGR of -10.71%, Chikkamagalur has seen a positive growth trend in investments at 13.96%. Overall, the data reflects a mixed performance, with Chitradurga excelling in borrowings and reserve growth, while Chikkamagalur shows strength in investment growth despite lower borrowing rates.

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