

# **A Saga of Success—Case Study of Bankura District Central Cooperative Bank (West Bengal)**

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*Full many a gem  
of purest ray serene,  
the dark unfathomed caves  
of ocean bear!*

**—Thomas Gray**

## **Preamble**

This holds true for Bankura District Central Cooperative Bank in West Bengal. In a state torn with strife and somewhat lax governess, this cooperative institution has held aloft the torch of development, ever since its establishment in 1922.

Bankura is one of the underdeveloped districts of West Bengal. It is surrounded by Midnapore, Hooghly, Purulia and Burdwan Districts. The population of the district is around 30 lakhs. Rural population constitutes 92%. About 42% of the population consists of scheduled castes and tribes. 14% of the area is under forest cover. It has 22 blocks.

Damodar, Darakeswar and Kangsabati rivers flow through it. It is a drought prone district, as the rivers are not perennial and the district is located over the Tropic of Cancer, has laterite soil and extreme climate conditions. The district experiences highest temperature of 49°C and minimum of 5°C. Principal crop of the district is paddy, besides wheat, pulses, mustard, soyabean, jute, sugarcane, dry chillies, potato and ginger are produced. The work force of the district is 36% of the total population and comprises mostly of cultivators and agricultural labourers.

There are 202 branches of various banks in the district, out of which 170 branches are in rural areas and 32 branches in urban areas. The Bankura District Central Cooperative Bank has 17 branches and only 4 are in urban areas.

The cooperative movement in Bankura has a long history. Due to extreme weather conditions, it is considered to be a subsistence district for agriculture. The Bankura District Central Cooperative Bank has been playing the role of the Banker and a premier developmental financing institution at the same time with aplomb. The Bank was formed to protect the farmers, weavers, artisans and other financially weaker sections from the clutches of moneylenders.

940 societies of various types (31) are affiliated to the Bank, the main being agricultural credit societies. Normally, banks do not enrol other than PACS as members. The bank has a chequered history. It had a modest beginning and till late 70s, it was on a very weak wicket. The 80s saw the emergence of the Bank as a resurgent institution with the rehabilitation package of Government of West Bengal and major bolstering effort of NABARD which allowed it refinance facilities inspite of high overdue percentage.

Picking up the thread, the Bank never looked back. Initially started in an old building, it has constructed a 2 storey air conditioned building in 1997-98, considered to be a land mark. It was inaugurated by late Shri Jyoti Basu, the then Chief Minister of West Bengal. The branch offices have also been shifted to the building.

With the help of affiliated cooperatives, panchayts, local administration, farmers' association, self-help groups and active support of common people, the Bank is braving the challenges and marching ahead.

### Board of Directors

The Bank has an elected board comprising of 15 members with Shri Umapada Roy as its Chairman. He is a retired school teacher and a bachelor and has dedicated his life to the cause of the poor. A member of the staff is also on the board. The term of the Board is 3 years. Board and meetings of various Committees are held regularly.

### Financial Position

The financial position of the Bank for the last 10 years is depicted below Table 1:

Table 1:

Particulars	Year									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8	9	10	11
Paid up Share Capital	3.50	3.57	3.95	4.55	4.99	5.45	6.57	7.56	8.63	10.06
Reserves & Other Funds	15.80	20.69	25.88	27.88	34.33	44.22	50.89	59.36	67.36	72.09
Deposits	130.83	152.13	161.82	176.09	184.94	205.82	231.35	282.51	349.19	470.44
Borrowings	11.18	10.58	20.79	65.46	70.64	81.59	102.23	114.25	96.11	90.68
Working Capital	198.25	226.69	253.88	318.95	334.52	372.64	424.70	494.88	623.35	700.39
Investments in Govt. & other securities	30.71	33.22	35.34	31.00	52.11	51.64	51.17	49.33	48.87	48.41
Loans & Advances	50.60	58.80	67.16	86.39	103.39	116.99	152.68	200.19	219.04	240.54
Salaries & other allowances	1.88	1.88	2.01	2.48	2.69	2.58	2.89	3.03	3.21	4.00
Net Profit/Loss (+)/(-)	+3.74	+4.56	+6.52	+6.62	+3.84	+6.48	+4.38	+5.10	+4.63	+6.74

### Brief Analysis

The figures speak for themselves. There has been all-round increase in the business operations. All along, the Bank has earned 'A' class audit classification. The audit has been done by Chartered Accountants. There has been an increase in the owned funds. The paid

up share capital has increased from merely Rs. 13.30 lakhs in 1970-71 to Rs. 1005.73 lakhs in 2009-10, of which only Rs. 27.20 lakhs (3%) has been contributed by State Government. Reserves and other funds have reached the level of Rs. 72.09 crores in 2009-10 from Rs. 15.80 crores in 2000-01. There has been major spurt in loans and advances from Rs. 50.60 crores in 2000-01 to Rs. 240.54 crores in 2009-10 and 80% of the loan advanced is for agriculture purpose alone. After generating gross income of Rs. 50.42 crores in 2009-10 and incurring expenditure of Rs. 35.66 crores on interest payment, Rs. 4 crores in salaries, Rs. 4.01 crores on other expenses the Bank earned a net profit of Rs. 6.74 crores in 2009-10. It has earned profit all along in the last 10 years.

Some of the other financial parameters that portray the Bank in good light in 2009-10 are:

Net NPA %	1.34		
Net Margin%	1.03		
Cost of Fund %	5.43		
Cost of Deposits %	7.12		
Transaction cost %	1.22		
Yield on Assets %	7.53		
CRAR%	10.74		
Per Employee	Rs. 717.22	Business	lakhs
Per Branch	Rs. 5062.76		
Business	lakhs		
Total number of employees	126		

### **Welfare and Development Measures**

Not only the Bank has made all-round progress, it is associating itself with a slew of welfare measures. Some of the measures are listed below:

- Donation for the establishment of an Engineering College.
- Construction of a passenger shed in the bye-pass and rest house at Bankura Sammilani Medical College for the attendants of the patients and installed a chilled water purifier.
- Donations for the cyclone affected people of Orissa and flood stricken people of West Bengal.
- To boost up the socio-economic condition of the farmers/other members of the society through change of crop pattern, cultivation of soyabean has been started on an experimental basis. The problem of marketing is coming in the way. All out efforts are underway to deal with this.
- Creation of Members' Benevolent Fund out of profit with initial capital of Rs. 2 crore and reasonable provision every year. The aim is to create perennial source of irrigation. An amount of Rs. 1.25 crores has already been sanctioned for creation of 'SAMABAY TANK' in 7 drought prone blocks of the districts with the support of PACS and Zila Parishad.

In addition, funds of Rs. 109.14 lakhs have been sanctioned as loan for irrigation works to the PACS with 25% incentive of subsidy, construction of godowns with soft loans, setting up of submersible pump sets with subsidy from the Fund.

- Provision of alternative credit delivery system to the weaker sections for promotion of handicrafts and small scale industries. Micro Credit to Self Help Groups. 13,362 groups of women have been formed with 1,21,584 members (1,17,940 females). 85,124 are SC/ST members. Credit facility amounting to 62.70 crores has already been extended for schemes - pottery, poultry, goatery, piggery, Dogra Silpa, Bal Mala, bamboo products, tassar yarn etc. An amount of Rs. 13.67 crores has been mobilised as deposits.
- The Bank held a meeting with Dr. Md. Younus, the father of Micro-Credit System in Bangladesh and a Nobel Laureate to understand the intricacies of Micro-Credit programme in Bankura.
- A Kisan Credit Card has been introduced. As on 31.03.2011, 70,005 KCC have been issued and loan of Rs. 11,823.69 lakh has been provided.
- Creation of Joint Liability Group for poorest of the poor who have no land but are involved with agriculture and not getting agriculture credit/KCC/other methods are getting credit through JLG. As on 31.03.2011, 386 JLGs with a membership of 2,63,827 persons have been formed and 1,51,649 of them have been granted loan.

### **Performance of Deposit Mobilisation**

Although, there are 284 PACS in the district, only 84 societies are mobilizing deposits at present due to not owning of godowns facility/banking counter. 70% of the deposit is kept with the Bank and 30% retained by the Society for its operations. As on 31.03.2011, 84 societies mobilized deposits of Rs. 12,570.47 lakh, Rs. 150 lakh on an average. **The Bank is arranging STA Credit and out of total investment in short term credit loan in the district by all Bankers, the Bankura DCCB has invested maximum amount of ST (SAO) loan of Rs. 28.61 crores in Kharif Season from April to June, 2011 only. The Bank is following all prudential norms and making provision for NPA's.**

### **General Insurance Scheme**

The Bank has extended a unique facility and at present, all the existing as well as fresh savings bank account holders are covered by a Personal Accident Policy with National Insurance Company in all the branches of the Bank. The scheme came into operation in 2003 and this is the first of its kind in the **State by any banking institution**. The risk coverage is Rs. 25,000 and the entire premium is paid by the Bank.

### **Disbursement of Salary**

The RBI and State Government have allowed Bankura DCCB as a Payee Bank for salary to be disbursed to the teachers/non-teachers of schools and Government employees under e-payment system. Salary to 148 schools in the district is being disbursed. **This is the first bank in the State which provides salaries at school premises at its own cost on first day of every month.** Personal loans against salaries are also provided. The bank may enjoy the status of LINK BANK in the near future and cover 80% of the schools in Bankura District under the Scheme.

### **Computer Designing for Baluchari Sari**

Handloom is a very important activity in West Bengal and in Bankura District itself. With the passage of time and prevalence of old designs, the consumers are losing interest in this fine craftsmanship. With a view to revive the old art and production of exquisite variety of cloth, the Bank with financial assistance from NABARD and WBSCB, has arranged computer designing training on Baluchari Saree for 100 Weavers. Now, good designs at low cost are being produced.

### **Training Fund**

The bank has created a fund to cover actual expenses incurred by personnel of PACS for attending various training programmes all over India.

### **Development Plan for PACS**

The Bank created a system of preparation of Development Action Plan for itself in 1994 and as a result, it has emerged from a mere intermediary institution to multi-dimensional banking institution. The positive experience is now being replicated at grass root level and society-wise Business Development Plan is being drawn for 5 years for all PACS to strengthen the whole credit system with multi dimensional approach and to enthuse socio-economic development. The process of reorganisation of PACS with a view to make them multi-purpose entity was started in 2001 and continues unabated.

### **Awards/Prizes**

The Bank has been awarding prizes to cooperative societies/panchayats for their better performance. Also awarding prizes to the topper students in the district and topper children of the employees in Schools.

The Bank is extending scholarships to meritorious but financially backward students to pursue their studies/higher studies. During the year 2009-10, 69 financially poor but brilliant students were given one time financial assistance of Rs. 3000/- each, 91 students Rs. 4000/- each for graduation and 24 students Rs. 5000/- each for post graduate/ engineering and professional studies. This practice is continuing year after year.

**The Bank has secured 1<sup>st</sup> position among all Central Cooperative Banks in the State in 1994-95, 1997-98 and 2008-09.**

### **Advancement of Technology**

The Bank with all its 17 branches is fully computerized and networked. Core Banking Solution has been introduced and a few ATMs at prominent places are also being installed. A central pay roll system has also been introduced for its employees.

### **Long Term Objective**

The Bank is working on attainment of long term objective of bringing socio - economic transformation of the district and, therefore, is concentrating on the following aspects:

- Setting up of agro based industries like rice mills, oil mills, paddy processing, potato chips making etc.
- Change in crop pattern like cultivation of soyabean, pulses and vegetables.
- Setting up of forest-based industries' products from sal leaves, oil from neem / mahua seeds, babui rope, bhui craft, cane / bamboo products, plantation of herbs for medicines etc.
- Mineral, metal/non-metal- based, iron industries like ceramic, cement, bell metal, brick making, stone crushing, doors, grills, gates etc.
- Food Products like bakery, flour grinding etc.
- Village/Cottage industries-terrakota, baluchari silk, tasar, bel mala etc.
- Service Sector-STD booth, photocopy shop, tailoring, TV/radio repair, beauty parlour, health clinics, nursing home, hotel etc.

### **Introduction of Technology and Establishment of Market Information Centres**

The Bank has initiated praiseworthy steps in induction of technology and upgradation of skills amongst cooperatives, introduction of electronically operated machines, developing common accounting system, change in cropping pattern, diversification for commercial

purposes besides rooting to traditional ways, design improvement in handlooms to jack up demand and use of fine yarn, keeping pace with customer choice, local market linkage, infrastructural improvement, exploration of new markets and above all planning for establishment of Market Information Centres.

The Bank also plans to draw Action Plan for various sectors and sub-sectors falling in its jurisdiction.

### **Integrated Cooperative Development Project**

In order to have all-round development of the cooperatives in the district, establish backward, forward, vertical and horizontal linkages, an Integrated Cooperative Development Project involving an outlay of Rs. 28.68 crores has been secured for Bankura District in 2009 from National Cooperative Development Corporation, a premier development financing institution in the country. Bankura DCCB is the Project Implementation Agency (PIA). Once implemented over a period of 5 years, the Project would establish necessary infrastructure, promote business operations, institution building, human resource development. The main allocations for the Project are in the following areas (Table 2):

**Table 2**

(Rs. in crores)

Particulars	Allocation
(a) Infrastructure Development	17.11
(b) Business Development	8.12
(c) Manpower Development, Training and Project Implementation	3.45
	<b>28.68</b>

### **Project Profile**

Such is the ingenuity of the management of the Bank that they have funded projects in diverse fields like manufacture of citronella oil, establishment of a cold storage, resoled tyres factory, PCC pole factory, mineral water, cement factory, processed silk, production of milk and broiler chicken, silica, alumic castable, nozzle filling compound, manufacture of corrugated boxes worth about Rs. 4 crores.

### **Success Story worth Emulation**

In Bankura, Cooperation is not an idea but a way of life. How one institution can change the life of not only members of the cooperatives but community at large is seen to be believed. Bankura District Central Cooperative Bank's jurisdiction extends to 3 sub-divisions, 22 blocks, 190 gram panchayats and 3830 revenue villages. In a district where average land holding is less than one hectare, where there is no perennial source of irrigation, where agriculture is at subsistence level, where bulk of the population consists of scheduled caste, tribes and other weaker sections like weavers, artisans etc., how it has made all the difference is a success story to behold and emulate. ■