



ORIGINAL RESEARCH PAPER

Economics

FINANCIAL PERFORMANCE ANALYSIS OF MANDYA DISTRICT CENTRAL COOPERATIVE BANK

KEY WORDS: Cooperatives, Finance, Performance, Profitability, Deposits.

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ABSTRACT

This study examines the financial performance, asset quality, and institutional sustainability of Mandya District Central Cooperative Bank (MDCCB) over the period 2008–09 to 2024–25. Using secondary data from audited annual reports, the research adopts a multidimensional analytical framework covering growth indicators, profitability measures, asset quality parameters, and capital adequacy ratios. Tools such as Compound Annual Growth Rate (CAGR), ratio analysis, and trend analysis are employed to evaluate structural transformation and financial resilience. The findings reveal substantial expansion in deposits, share capital, own funds, and loan disbursement, indicating deepening financial intermediation and strengthened rural credit outreach. Asset quality improved significantly, with sharp reduction in Non-Performing Assets (NPAs) and consistently high recovery percentages supported by stable audit classifications. Capital adequacy experienced temporary stress during the pandemic period but recovered above regulatory benchmarks, demonstrating solvency resilience. The study further reveals that while MDCCB has transitioned into a financially stronger and operationally stable cooperative institution, sustaining long-term viability will require improved efficiency, prudent risk management, diversified income streams, and balanced capital strengthening strategies.

INTRODUCTION

The cooperative banking system in India represents a distinctive institutional model rooted in principles of mutual assistance, democratic governance, and decentralized financial intermediation. Unlike commercial banking institutions driven by shareholder profit maximization, cooperative banks function primarily to serve member interests and promote socio-economic development. Their operational philosophy integrates financial sustainability with developmental objectives, particularly in agrarian regions where formal financial access historically remained limited.

Within the three-tier cooperative credit structure, District Central Cooperative Banks (DCCBs) function as the pivotal intermediary layer. They mobilize deposits from rural and semi-urban populations, channel refinance from apex cooperative banks and development institutions, and extend credit through Primary Agricultural Credit Societies (PACS). These intermediary positioning places DCCBs at the core of rural credit delivery, agricultural financing, crop production cycles, dairy and allied sector support, and micro-enterprise funding.

Mandya district in Karnataka presents a unique agrarian context characterized by irrigated agriculture, sugarcane cultivation, paddy production, sericulture, and dairy development. The economic vibrancy of this region depends heavily on timely and affordable credit availability. In such an environment, the Mandya District Central Cooperative Bank (MDCCB) assumes systemic importance in sustaining production cycles, stabilizing farm incomes, and supporting rural livelihoods.

Review of Literature of the Study

The literature on District Central Cooperative Banks (DCCBs) highlights their central role in rural credit delivery and agrarian development. Rao (2020) observes that in agriculturally strong districts like Mandya, deposit growth aligns with seasonal income flows. Yet Gupta (2022) notes increasing competition from Small Finance Banks and digital payment institutions, which challenge traditional DCCBs through better technology and customer interfaces. A significant strand of recent research addresses the "profitability squeeze." Chakrabarty (2023) argues that many DCCBs operate in a high-volume, low-margin environment,

where rising borrowing costs erode gains from credit expansion. Nair (2018) links high recovery rates to strong member engagement, while Reddy (2024) attributes improved NPA control to governance reforms and stricter audit standards. Emerging literature on "Viksit Bharat @ 2047" emphasizes digital transformation. Patil and Deshmukh (2025) advocate a shift toward "phygital" models to reduce costs and diversify income sources. Although extensive research exists on cooperative banking performance, limited studies explain how strong recovery rates can coexist with declining profitability. This study addresses that gap by examining the financial tensions between operational efficiency and long-term sustainability in MDCCB.

Objectives of the Study

1. To examine the financial growth and structural transformation of MDCC Bank.
2. To assess the sustainability of operational performance of MDCC Bank.

Methodology of the Study

The study adopts a descriptive and analytical research design to evaluate the financial performance of Mandya District Central Cooperative Bank (MDCCB) over the period 2008–09 to 2024–25. It is based entirely on secondary data collected from annual reports, audited financial statements, and official records. The analysis is structured around five key dimensions such as Growth Analysis and Profitability Analysis, Efficiency Evaluation, Asset Quality Assessment and Solvency Measurement. Tools such as CAGR, ratio analysis, and trend analysis are employed to interpret long-term structural changes. The methodology enables a comprehensive assessment of whether MDCCB's rapid growth is financially sustainable and supported by adequate capital, asset quality, and profitability.

Financial Performance Analysis of Mandya District Central Cooperative Bank

Mandya district in Karnataka presents a unique agrarian context characterized by irrigated agriculture, sugarcane cultivation, paddy production, sericulture, and dairy development. The economic vibrancy of this region depends heavily on timely and affordable credit availability. In such an environment, the Mandya District Central Cooperative Bank (MDCCB) assumes systemic importance in sustaining production cycles, stabilizing farm incomes, and supporting rural livelihoods.

Table-1 Liabilities & Equity of Mandya District Central Cooperative Banks (2008-2009 to 2024-2025) (Rs. In Lakhs)

| Years | Share Capital | Reserves and others | Own Funds | Deposits | Borrowings |
|---------|---------------|---------------------|-----------|-----------|------------|
| 2008-09 | 1183.84 | 5848.32 | 2577.48 | 35786.27 | 5574.18 |
| 2009-10 | 1228.45 | 5888.64 | 2841.52 | 38834.09 | 6430.70 |
| 2010-11 | 1298.44 | 5284.42 | 3256.49 | 47109.51 | 6529.38 |
| 2011-12 | 1503.23 | 5804.83 | 3934.84 | 51603.41 | 9872.31 |
| 2012-13 | 1621.98 | 6042.06 | 4379.73 | 60190.39 | 13546.74 |
| 2013-14 | 1841.41 | 6501.82 | 4933.51 | 63943.73 | 16615.07 |
| 2014-15 | 2236.05 | 7068.71 | 5530.06 | 71282.98 | 19510.35 |
| 2015-16 | 2717.31 | 5576.00 | 6144.20 | 82268.91 | 24738.66 |
| 2016-17 | 3022.67 | 6106.25 | 6563.51 | 90244.73 | 28602.07 |
| 2017-18 | 3458.85 | 6555.08 | 7423.18 | 121434.06 | 27563.19 |
| 2018-19 | 3873.58 | 6785.81 | 7946.84 | 123311 | 32361.12 |
| 2019-20 | 4180.65 | 6825.77 | 9039.07 | 133266.3 | 42439.78 |
| 2020-21 | 4636.74 | 7277.63 | 10123.45 | 149297.2 | 73685.94 |
| 2021-22 | 5003.37 | 7824.1 | 10210 | 162607.3 | 72941.84 |
| 2022-23 | 5784.33 | 8314.06 | 13123.96 | 173214.8 | 71918.03 |
| 2023-24 | 6163.38 | 9014.87 | 14405.26 | 191587.2 | 72854.96 |
| 2024-25 | 6242.46 | 10719.97 | 14200.61 | 209492.2 | 52042.48 |
| Total | 10.95% | 3.86% | 11.25% | 11.68% | 14.98% |

Source: Annual Reports to MDCC Bank

Table-1 shows the liabilities and equity of the Mandya District Central Cooperative Bank from 2008-09 to 2024-25. The MDCC bank has demonstrated significant expansion across all major liability and equity parameters. Share capital grew from 1183.84 in 2008-09 to 6242.46 in 2024-25. It shows a steady annual growth rate (CAGR) of 10.95%. Reserves and others increased from 5848.32 to 10719.97 during the same period. While it showed a lower CAGR of 3.86%. Deposits consistently remain the largest source of funds for the bank, growing nearly sixfold over the period. The robust growth in own Funds (11.25%) and Share Capital (10.95%) suggests that the bank is effectively strengthening its capital base to support its expanding balance sheet. The increase in borrowings (14.98%), particularly increased after 2019-20, indicates that the bank is utilizing external refinance to meet the credit needs of the district.

Table-2 Assets of Mandya District Central Cooperative Banks (2008-2009 to 2024-2025) (Rs. In Lakhs)

| Years | Investments | Loans & Advances Issued | Loans & Advances O/S | Working Capital |
|---------|-------------|-------------------------|----------------------|-----------------|
| 2008-09 | 14136.73 | 31492.98 | 33135.41 | 50054.37 |
| 2009-10 | 15419.71 | 32701.69 | 35816.27 | 53380.27 |
| 2010-11 | 19255.41 | 41480.93 | 40287.41 | 58806.66 |
| 2011-12 | 13583.68 | 62806.35 | 52043.99 | 65531.89 |
| 2012-13 | 22432.28 | 69403.72 | 58604.96 | 75013.65 |
| 2013-14 | 24895.33 | 75116.12 | 64062.06 | 87778.05 |
| 2014-15 | 22581.10 | 82026.72 | 72068.82 | 98509.67 |
| 2015-16 | 32494.57 | 89099.23 | 76925.34 | 106223.00 |
| 2016-17 | 37155.49 | 87495.39 | 81391.31 | 119975.40 |
| 2017-18 | 35065.75 | 110218.18 | 94536.07 | 131889.33 |
| 2018-19 | 49821.41 | 90325.32 | 106379.9 | 146122.9 |
| 2019-20 | 56519.64 | 139864.2 | 121284.7 | 175277.8 |
| 2020-21 | 80137.03 | 165790.3 | 143582.4 | 236905.7 |
| 2021-22 | 81183.96 | 179574.5 | 155653.4 | 250881.3 |
| 2022-23 | 81379.86 | 194973.8 | 168100.1 | 265513.5 |
| 2023-24 | 83638.42 | 208647.3 | 183476.7 | 284947.3 |
| 2024-25 | 61756.45 | 238750.2 | 202711.7 | 281844.9 |
| CAGR | 9.65% | 13.50% | 11.99% | 11.41% |

Source: Annual Reports to MDCC Bank

Table-2 shows the financial performance of the Mandya District Central Cooperative Bank from 2008-09 to 2024-25. Loans & Advances Issued grew at a CAGR of 13.50%,

increasing more than 7.5 times from Rs. 31,492.98 Lakhs to Rs. 2,38,750.2 Lakhs. This indicates the bank's significant role in financing the district's agricultural and rural economy. Loans & Advances Outstanding increase at a slightly lower CAGR of 11.99%. The analysis reveals a bank in a high-growth phase, primarily driven by its lending operations. The 13.50% CAGR in Loan Issuance is the standout metric, showing that the bank is prioritizing credit delivery over passive investments.

Table-3 Profitability & Efficiency Metrics Mandya District Central Cooperative Banks (2008-2009 to 2024-2025) (Rs. In Lakhs)

| Years | Yield on Assets % | Gross Margin % | Net Margin % | Gross Income | Net Profit |
|---------|-------------------|----------------|--------------|--------------|------------|
| 2008-09 | 8.86 | 2.04 | 2.24 | 5200.46 | 1353.60 |
| 2009-10 | 7.37 | 2.41 | 0.31 | 3983.01 | 106.83 |
| 2010-11 | 7.32 | 2.44 | 0.43 | 5517.00 | 255.66 |
| 2011-12 | 8.93 | 3.75 | 0.53 | 6847.19 | 345.63 |
| 2012-13 | 8.51 | 2.91 | 0.47 | 6509.93 | 354.33 |
| 2013-14 | 8.56 | 3.02 | 0.44 | 7672.55 | 399.29 |
| 2014-15 | 8.85 | 2.83 | 0.20 | 8831.29 | 209.52 |
| 2015-16 | 7.95 | 1.83 | 0.34 | 9643.47 | 369.01 |
| 2016-17 | 8.36 | 2.36 | 0.22 | 10176.25 | 259.66 |
| 2017-18 | 8.33 | 2.68 | 0.20 | 11230.98 | 267.85 |
| 2018-19 | 7.69 | 2.39 | 0.04 | 11672.46 | 37.82 |
| 2019-20 | 7.8 | 2.32 | 0.42 | 14258.65 | 214.14 |
| 2020-21 | 7.57 | 2.42 | 0.53 | 15928.32 | 639.49 |
| 2021-22 | 6.87 | 2.11 | 0.19 | 17108.71 | 450.63 |
| 2022-23 | 7.21 | 2.51 | 0.33 | 18834.66 | 845.26 |
| 2023-24 | 7.74 | 2.75 | 0.53 | 20965.52 | 1410.93 |
| 2024-25 | 7.68 | 2.42 | 0.36 | 22686.8 | 929.45 |
| CAGR | | | | 6.94% | -2.32% |

Source: Annual Reports to MDCC Bank

Table-3 shows the profitability and efficiency metrics for the Mandya District Central Cooperative Bank from 2008-09 to 2024-25. Gross income increased from 5,200.46 Lakhs in 2008-09 to 22,686.80 Lakhs in 2024-25. This reflects a healthy 6.94% CAGR, indicating strong top-line business expansion. Net Profit dropped from 1,353.60 Lakhs to 929.45 Lakhs over the same period. This results in a negative CAGR of -2.32%, indicating that expenses or provisions are consuming a larger share of revenue than in previous decades. Despite the long-term decline, there was a notable recovery peak in 2023-24, where Net Profit reached its highest level of the study period at 1,410.93 Lakhs before dipping again in 2024-25.

Table-4 Asset Quality & Audit Mandya District Central Cooperative Banks (2008-2009 to 2024-2025) (Rs. In Lakhs)

| Years | Recovery % | Audit Classification | NPA % |
|---------|------------|----------------------|--------|
| 2008-09 | 86.73 | "A" | 18.00% |
| 2009-10 | 94.75 | "A" | 17.17% |
| 2010-11 | 91.64 | "A" | 8.39% |
| 2011-12 | 99.21% | "A" | 6.00% |
| 2012-13 | 97.56 | "A" | 6.54% |
| 2013-14 | 98.64 | "A" | 6.63% |
| 2014-15 | 98.19 | "A" | 4.30% |
| 2015-16 | 98.17 | "A" | 2.96% |
| 2016-17 | 96.51 | "A" | 4.19% |
| 2017-18 | 98.05 | "YTD" | 2.33% |
| 2018-19 | 70.08 | "A" | 3.79% |
| 2019-20 | 97.77 | "A" | 3.42% |
| 2020-21 | 98.42 | "A" | 3.78% |
| 2021-22 | 97.71 | "A" | 3.90% |
| 2022-23 | 97.76 | "A" | 3.87% |
| 2023-24 | 97.58 | "A" | 3.95% |
| 2024-25 | 98.27 | "A" | 4.61% |

Source: Annual Reports to MDCC Bank

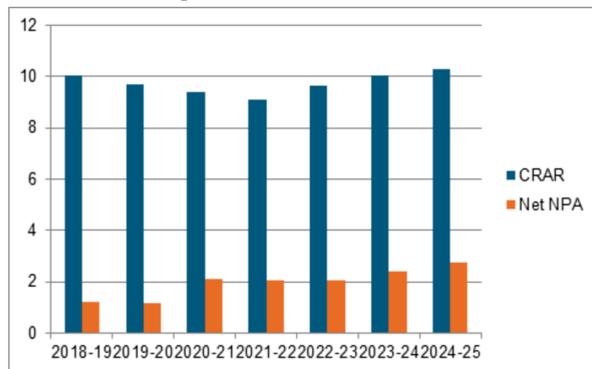
Table-4 shows the Asset Quality & Audit Performance:

Mandya District Central Cooperative Bank 2008–09 to 2024–25. Recovery percentage improved from 86.73% (2008–09) to consistently above 97% after 2011–12, reaching 98.27% in 2024–25. This indicates strengthened credit monitoring and effective recovery mechanisms. NPAs declined sharply from 18.00% (2008–09) to below 4% after 2015–16. Although a slight rise is observed in recent years (4.61% in 2024–25), overall asset quality remains significantly better than the initial period. However, the recent marginal increase in NPAs suggests the need for continued vigilance in credit risk management.

Table-5 Mandya District Central Cooperative Banks (2008-2009 to 2024-2025) (Rs. In Lakhs)

| Year | CRAR | Net NPA |
|---------|-------|---------|
| 2018-19 | 10.03 | 1.19 |
| 2019-20 | 9.68 | 1.14 |
| 2020-21 | 9.4 | 2.1 |
| 2021-22 | 9.09 | 2.06 |
| 2022-23 | 9.64 | 2.03 |
| 2023-24 | 10.05 | 2.39 |
| 2024-25 | 10.31 | 2.75 |

Source: Annual Reports to MDCC Bank



Graph-1 Mandya District Central Cooperative Banks (2008-2009 to 2024-2025) (Rs. In Lakhs)

Table-5 analyses the CRAR and Net NPA Performance of Mandya District Central Cooperative Banks from 2008-2009 to 2024-2025 (Rs. In Lakhs). Capital Adequacy The ratio declined from 10.03% (2018–19) to 9.09% (2021–22), indicating temporary pressure on capital during the pandemic period. However, it improved steadily thereafter, reaching 10.31% in 2024–25, reflecting strengthened capital buffers and improved financial stability. The bank maintains adequate capital strength with CRAR above 10% in recent years. While solvency remains stable, the rising Net NPA trend suggests the need for strengthened credit risk management and proactive asset quality monitoring to sustain long-term financial health.

CONCLUSION

The study assessed the financial performance of Mandya District Central Cooperative Bank (MDCCB) from 2008–09 to 2024–25 across growth, profitability, asset quality, and solvency dimensions. The findings indicate significant structural expansion in deposits, share capital, own funds, and loan disbursement, reflecting strengthened institutional capacity and enhanced rural credit outreach. Asset quality improved considerably over the period, with sharp reduction in NPAs and consistently high recovery rates, supported by stable audit classifications. Capital adequacy, though temporarily stressed during the pandemic, recovered above regulatory benchmarks, demonstrating resilience. However, despite strong business growth, profitability remained volatile and margins declined, largely due to rising operational and borrowing costs. The increasing reliance on external funds and the recent upward trend in Net NPAs highlight emerging risk concerns. MDCCB has evolved into a

financially stronger and operationally stable institution, but sustaining long-term viability will require improved efficiency, prudent risk management, and balanced growth strategies.

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