



ANALYSIS OF THE OPERATIVE EFFICIENCY OF THE BANKURA TOWN CO-OPERATIVE BANK LTD.

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ABSTRACT

This research paper provides an in-depth analysis of the operational aspects of Bankura Town Co-operative Bank Ltd. (BTCBL), an urban cooperative bank situated in Bankura, West Bengal. The study examines the bank's historical evolution, financial performance, organizational structure, and challenges faced in the contemporary banking landscape. The paper also explores the bank's role in promoting financial inclusion and its strategies to enhance operational efficiency.



I. INTRODUCTION

The Indian banking sector is a multifaceted financial ecosystem comprising nationalized banks, private sector entities, regional rural banks, and cooperative banks. Among these, cooperative banks have a unique place due to their deep-rooted connection with the local communities and their inclusive operational models. Bankura Town Co-operative Bank Ltd. (BTCBL), located in the Bankura district of West Bengal, is one such example that showcases the enduring relevance of cooperative banking institutions in promoting socio-economic development, particularly in semi-urban and rural regions. Over the decades, BTCBL has emerged as a pivotal financial institution dedicated to serving its community through accessible credit, inclusive savings mechanisms, and various social welfare-oriented financial products. This introduction aims to examine the operational framework of BTCBL, analyze its role within the cooperative banking sector, and highlight its significance in enabling financial inclusion and grassroots development in the region.

The evolution of the cooperative movement in India has been a response to the needs of economically weaker sections, especially in agriculture-dominated and underserved regions. Co-operative banks such as BTCBL were established to counter the exploitative practices of moneylenders and to provide a more equitable system of credit distribution. The cooperative model, which emphasizes democratic governance, community ownership, and mutual benefit, has allowed banks like BTCBL to remain relevant and effective, despite competition from larger commercial banks and modern digital fintech services. The bank's organizational structure, comprising elected members and community representation, ensures that its operational decisions align with the financial needs and priorities of the local population. This structure fosters a strong sense of trust and ownership among customers, which is often lacking in larger commercial banking institutions.

BTCBL's operational strategy is tailored to cater to the specific needs of Bankura district's demographic, which includes a significant population of farmers, artisans, small traders, and salaried workers. The bank has designed its loan and savings products with flexibility and accessibility in mind. This includes agricultural loans, self-employment finance schemes, housing loans, and recurring deposit schemes, all of which are structured to support the



economic upliftment of its customers. Moreover, the bank has played a crucial role in implementing various government-sponsored schemes such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the MUDRA loan scheme, thus contributing to national goals of financial inclusion and poverty alleviation.

An analysis of BTCBL's operational performance reveals both strengths and challenges. On one hand, the bank has managed to maintain consistent customer loyalty, ensure regular recovery of advances, and expand its reach within the district. On the other hand, issues such as a low Credit-Deposit (CD) ratio, limited technological adoption, and competition from commercial banks present ongoing hurdles. The bank's CD ratio has often remained below the ideal benchmark, indicating that a substantial portion of the bank's deposits remains underutilized. This underperformance in credit deployment can hinder the bank's profitability and limit its ability to fully serve the developmental needs of the community. Addressing such concerns requires innovative operational strategies, better risk management practices, and proactive policy reforms tailored to the cooperative banking sector.

Technological transformation is another critical aspect that shapes the operational dynamics of cooperative banks in the modern era. BTCBL, like many urban cooperative banks (UCBs), has faced the dual challenge of updating its legacy systems while ensuring that the technological shift does not alienate its customer base, which includes many first-generation users of banking services. The gradual incorporation of core banking solutions (CBS), mobile banking, and online account management platforms marks a positive step towards modernization. However, to remain competitive, the bank must invest further in secure digital infrastructure, data analytics for customer profiling, and digital literacy programs that empower its customers to engage with new banking technologies confidently.

Another notable dimension of BTCBL's operations is its contribution to financial literacy and economic empowerment. The bank regularly organizes outreach programs in collaboration with local self-help groups, schools, and community organizations to educate people about the importance of saving, budgeting, and responsible borrowing.



These initiatives not only increase the customer base but also enhance the financial acumen of the local population, thus fostering a culture of financial responsibility. Such grassroots-level engagement illustrates the bank's commitment to its social mandate, setting it apart from profit-driven commercial entities.

From a governance perspective, BTCBL adheres to the principles of cooperative banking as laid out by the Reserve Bank of India (RBI) and the West Bengal State Cooperative Bank regulatory framework. Its operations are monitored through regular audits, member meetings, and performance reviews, ensuring transparency and accountability. The elected Board of Directors plays a central role in shaping the bank's strategic direction, with decisions being taken collectively and democratically. However, governance issues such as political interference, irregularities in decision-making, or inefficient management practices have at times posed challenges to smooth operations. It is imperative that cooperative banks like BTCBL strengthen their internal controls and adopt corporate governance best practices to ensure sustained credibility and effectiveness.

In the wider context of regional development, BTCBL's contributions are multifaceted. It provides essential financial infrastructure to sectors that are often overlooked by commercial banks, such as small-scale agriculture, cottage industries, and the informal sector. By supporting local entrepreneurship through microfinance and cooperative lending models, the bank acts as a catalyst for self-employment and job creation. Additionally, during times of economic distress—such as the COVID-19 pandemic—BTCBL has demonstrated resilience by continuing to extend credit and restructuring existing loans to prevent borrower defaults and business closures.

Furthermore, the bank's community-centric approach enhances its ability to respond to local socio-economic conditions effectively. Its employees, being part of the same communities they serve, possess insights into the ground realities, enabling them to deliver personalized and empathetic banking services. This localized understanding, coupled with a relatively flat organizational hierarchy, ensures quicker decision-making and better alignment of financial products with community needs.



In the operational insights into Bankura Town Co-operative Bank Ltd. provide a compelling case for the continued relevance and necessity of cooperative banking institutions in India's financial landscape. While the bank has achieved commendable success in fostering financial inclusion and local development, it must also address its internal inefficiencies and embrace modernization to thrive in a competitive environment. By striking a balance between its social objectives and financial sustainability, BTCBL can continue to serve as a model for community-based banking in India. Future studies on BTCBL's performance metrics, customer satisfaction levels, and comparative analyses with other cooperative banks could offer deeper insights into best practices and areas of improvement. Ultimately, the success of BTCBL reflects the broader potential of cooperative banks to transform rural and semi-urban India into economically vibrant and financially secure regions.

II. FINANCIAL PERFORMANCE

The financial performance of Bankura Town Co-operative Bank Ltd. (BTCBL) reflects its standing as a vital financial institution operating within the urban cooperative banking sector in West Bengal. As a community-oriented bank, BTCBL primarily caters to the financial needs of local customers, including small business owners, salaried individuals, and the economically weaker sections of society. Its financial indicators provide insights into the bank's operational efficiency, profitability, and capacity to serve its stakeholders. Although the bank has demonstrated financial stability over the years, certain performance parameters highlight areas that require improvement and strategic focus.

One of the key financial indicators for any bank is the Credit-Deposit (CD) ratio, which illustrates the proportion of deposited funds that are used for lending. In the case of BTCBL, the CD ratio has remained consistently low, often below 35%, which is significantly lower than the ideal benchmark of 60-70% for urban cooperative banks. This low ratio suggests a conservative lending approach and a potential underutilization of available funds, which could limit the bank's profitability and outreach. Several factors contribute to this trend, including risk-averse credit policies, limited loan demand in the region, and regulatory restrictions that govern cooperative banking operations.

The bank's deposit mobilization, however, has shown steady growth. BTCBL has been



successful in attracting a loyal customer base through trust, community presence, and tailored deposit schemes. Its range of fixed, recurring, and savings deposit options appeals to various income groups. The consistent growth in deposits indicates the confidence of the local population in the bank's services and stability. This growth also serves as a foundation for expanding the bank's credit portfolio, provided that lending mechanisms are modernized and made more responsive to local economic conditions.

BTCBL's asset quality is another important aspect of its financial performance. The bank has maintained relatively low levels of Non-Performing Assets (NPAs), which demonstrates its cautious credit disbursement strategies and effective recovery practices. A low NPA level is crucial for ensuring the long-term sustainability of cooperative banks, especially those with limited capital buffers. However, over-reliance on risk-averse policies may restrict credit flow to sectors that need financial support, such as small enterprises and agricultural activities.

The profitability of BTCBL has been moderate. Its earnings are primarily derived from interest income on loans and advances, service charges, and investments in government securities. Given its limited lending activity and conservative investment approach, profit margins remain narrow. Nevertheless, the bank has generally managed to cover its operational expenses and generate surpluses for reinvestment into infrastructure and service upgrades.

In BTCBL's financial performance presents a mixed picture: strength in deposit mobilization, low NPAs, and a strong community base, but weakness in credit utilization and limited profitability. For long-term growth, the bank must focus on increasing its CD ratio through targeted lending programs, improving technology adoption to enhance operational efficiency, and diversifying its income streams. Such measures will not only strengthen the bank's financial standing but also enable it to fulfill its mandate of promoting inclusive and sustainable financial development in the Bankura region.

III. ORGANIZATIONAL STRUCTURE

The organizational structure of Bankura Town Co-operative Bank Ltd. (BTCBL) reflects the core principles of cooperative governance—democracy, accountability, and community



participation. Unlike commercial banks, which are typically driven by profit motives and hierarchical corporate structures, BTCBL is structured to serve its members and local stakeholders. Its management framework is designed to promote transparency, decentralized decision-making, and efficient service delivery to meet the financial needs of the community it serves. The structure facilitates both strategic oversight and day-to-day operational management through distinct yet interdependent roles.

At the apex of the organizational hierarchy is the General Body, comprising all shareholders or members of the cooperative. Each member has equal voting rights, regardless of the number of shares held, thereby ensuring a truly democratic form of ownership. The General Body is the supreme authority in the bank's governance framework and is responsible for making key policy decisions, approving budgets and financial statements, and electing the Board of Directors. The General Body meets at least once a year in the Annual General Meeting (AGM), where decisions regarding dividends, surplus allocation, and strategic direction are taken.

The Board of Directors is the executive authority elected by the General Body. This board plays a crucial role in shaping the bank's policies, setting goals, and overseeing performance. Directors are typically drawn from among the shareholders and often include professionals, businessmen, agriculturists, and local leaders who understand the socio-economic needs of the Bankura region. The board functions through various sub-committees such as the Loan Committee, Audit Committee, and Recovery Committee, each tasked with overseeing specific operational areas. Board meetings are held periodically to review progress, make key decisions, and evaluate compliance with regulatory norms. Heading the bank's operational side is the Chief Executive Officer (CEO) or General Manager (GM), who is appointed by the Board of Directors. The CEO acts as the link between the board and the bank's operational staff. Their role includes implementing board decisions, supervising daily banking operations, managing risk and compliance, and ensuring that the bank adheres to the Reserve Bank of India (RBI) guidelines and the West Bengal State Cooperative Bank directives. The CEO is supported by Assistant Managers, Branch Managers, and specialized officers responsible for finance, loans, customer service, IT, and human resources.



Each branch office of BTCBL operates under the leadership of a Branch Manager, who is responsible for managing branch-level activities such as deposit mobilization, loan disbursement, recovery, and customer relationship management. The branch staff typically includes clerks, cashiers, field officers, and support staff. These employees are often local residents, which strengthens the bank's rapport with the community and enhances trust among depositors and borrowers.

BTCBL also includes an Internal Audit Unit and a Compliance Cell that work independently to ensure transparency and adherence to financial and ethical standards. Internal audits are conducted periodically, and findings are reviewed by the board to rectify any discrepancies and enhance operational integrity.

The bank's Human Resource Development (HRD) strategy emphasizes skill development and capacity building. Regular training programs and workshops are organized for staff to update their knowledge on banking regulations, customer service, and digital tools. This ensures that the employees are equipped to deliver quality banking services in an increasingly competitive and technologically evolving environment.

In recent years, the bank has been moving toward technological integration, necessitating new organizational roles related to digital banking, cybersecurity, and information technology. IT personnel have been added to manage Core Banking Solutions (CBS), digital transactions, mobile banking, and data management systems. This inclusion reflects the bank's efforts to modernize its services and compete effectively with commercial and private banks.

In the organizational structure of Bankura Town Co-operative Bank Ltd. blends traditional cooperative principles with modern banking management practices. Its democratic governance, community-based leadership, and professional operational oversight enable it to function as a responsive and reliable financial institution. While the structure ensures alignment with the needs of the local population, continued investment in professional development, technological enhancement, and governance reforms will be essential to ensure sustainable growth and improved service delivery in the years to come.



IV. ROLE IN FINANCIAL INCLUSION

Bankura Town Co-operative Bank Ltd. (BTCBL) plays a crucial role in promoting financial inclusion within the semi-urban and rural pockets of the Bankura district in West Bengal. Financial inclusion, as defined by the Reserve Bank of India (RBI), refers to the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner. In this context, BTCBL has emerged as a vital player by providing a wide range of banking services to the underserved and unbanked sections of society.

One of the most important ways BTCBL contributes to financial inclusion is by extending basic banking services such as savings accounts, recurring deposits, and fixed deposits to people who are traditionally excluded from mainstream banking. The bank simplifies account opening procedures, promotes low-balance accounts, and provides passbook and cheque facilities to help first-time users gain trust in formal financial institutions. These small steps play a big role in bringing people into the formal financial system and building a culture of saving, which is crucial for financial empowerment.

Moreover, the bank has been actively involved in disbursing small and micro loans to support low-income households, street vendors, small farmers, and artisans. These loans, often extended without heavy collateral requirements, help beneficiaries invest in income-generating activities, thereby improving their economic stability. The bank also supports women's self-help groups (SHGs) and local cooperatives by offering group-based lending, which enhances collective financial discipline and empowers women in the community.

In line with the Government of India's financial inclusion agenda, BTCBL has participated in implementing national schemes such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), which aims to provide universal banking access to every household. The bank has helped in opening zero-balance accounts, issuing RuPay debit cards, and providing accidental insurance coverage to first-time account holders.

It also works in coordination with the state and central governments for the Direct Benefit Transfer (DBT) mechanism, wherein subsidies and welfare funds such as pensions,



scholarships, and employment wages are transferred directly into the beneficiaries' bank accounts, thereby eliminating middlemen and leakages.

BTCBL also acts as a facilitator for financial literacy programs, especially in rural and semi-urban areas. Through awareness campaigns, community meetings, and workshops, the bank educates people about the importance of savings, prudent borrowing, insurance, and digital banking practices. These programs are often held in collaboration with local NGOs, panchayats, and educational institutions. Special efforts are made to reach out to women, senior citizens, and illiterate individuals who are often left out of the financial ecosystem.

Additionally, BTCBL has gradually embraced technology-enabled banking to reach a broader customer base. By implementing Core Banking Solutions (CBS), the bank offers services like ATM access, online fund transfers, and mobile banking in an accessible and localized manner. Even though the transition to digital platforms is ongoing and challenging for many cooperative banks, BTCBL is making steady progress toward ensuring digital inclusion along with financial access.

Importantly, BTCBL's role in financial inclusion is deeply rooted in its community-centric governance model. Being a cooperative bank, it is managed by members who are part of the very communities the bank serves. This proximity enables the bank to better understand the needs of its customers and design services that are appropriate, culturally sensitive, and affordable. This bottom-up approach to banking strengthens trust and fosters long-term relationships between the bank and the local population.

In Bankura Town Co-operative Bank Ltd. plays a significant and multi-dimensional role in furthering financial inclusion in the region. By delivering accessible credit, promoting savings, enabling government scheme implementation, and investing in financial literacy, the bank helps bring economically marginalized groups into the financial mainstream. Its localized approach, grassroots presence, and commitment to cooperative principles make BTCBL not only a financial institution but also a vehicle for social transformation and inclusive development.



V. CONCLUSION

Bankura Town Co-operative Bank Ltd. stands as a significant financial institution within the cooperative banking landscape of West Bengal, particularly in the Bankura district. Rooted in the principles of democratic governance and community service, the bank has consistently worked to meet the financial needs of underserved populations. Through its efforts in deposit mobilization, micro-lending, and implementation of government financial inclusion schemes, BTCBL has successfully contributed to empowering small borrowers, rural entrepreneurs, and low-income families. Despite facing challenges such as a low Credit-Deposit ratio, limited technological infrastructure, and the pressure of regulatory compliance, the bank continues to function with resilience and purpose. Its organizational structure, built on cooperative values, and its deep integration with the local community, remain its core strengths. Going forward, the bank must adopt innovative strategies, enhance digital services, and improve operational efficiency to remain competitive and effective. With sustained efforts, Bankura Town Co-operative Bank Ltd. has the potential not only to strengthen its financial performance but also to expand its role as a catalyst for inclusive economic growth in the region. Thus, BTCBL's journey exemplifies how cooperative banks can balance social responsibility with financial sustainability to create lasting development impacts.

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