

Working Paper No. 44

# Study Report on Standout Practices in Cooperatives Banks

**Anuj Kumar Singh**

Faculty Member, BIRD, Lucknow

**Nidhi Tiwari**

CDO, C-PEC, BIRD, Lucknow



**Bankers Institute of Rural Development  
Lucknow**



**Working Paper No. 44**

# **Study Report on Standout Practices in Cooperatives Banks**

**Anuj Kumar Singh**

Faculty Member, BIRD, Lucknow

**Nidhi Tiwari**

CDO, C-PEC, BIRD, Lucknow



**Bankers Institute of Rural Development (BIRD), Lucknow**



## Foreword

With deep commitment to the cooperative movement, I present this working paper on “*Standout Practices in Cooperative Banks*”, undertaken by the Centre for Professional Excellence in Cooperatives (C-PEC), BIRD, Lucknow. The study is part of our continuing efforts to strengthen the cooperative banking sector by documenting, analysing, and disseminating innovative practices that can serve as models for replication across India.

The initiative originates from a strategic focus area of NABARD’s top management; with Telangana being selected as pilot for this pioneering exercise. The state’s vibrant cooperative credit structure provided fertile ground for observing reforms, technological interventions, and governance models that can inspire other states.

The report highlights twelve standout practices across apex and district cooperative banks, ranging from digital transformation, compliance strengthening, loan diversification, and innovative capacity building to customer-centric approaches in branch expansion and product delivery. Each practice not only reflects the spirit of cooperative innovation but also underscores the resilience and adaptability of institutions operating in highly competitive and challenging environments.

I am confident that these documented success stories will prove valuable for policymakers, regulators, cooperative leaders, and training institutions. By sharing replicable models of efficiency and innovation, this report seeks to contribute meaningfully towards strengthening governance, enhancing financial sustainability, and promoting inclusive growth in the cooperative sector.

I extend my appreciation to the study team from BIRD Anuj Kumar Singh, Faculty Member, BIRD Lucknow; and Nidhi Tiwari, CDO, C-PEC, BIRD Lucknow for their diligent efforts in field visits, stakeholder interactions, and detailed analysis. I place on record our sincere gratitude to Shri K. Ravinder Rao, Chairman, NAFSCOB, and Shri B. Uday Bhaskar, Chief General Manager, Telangana Regional Office, NABARD, for their valuable support and encouragement throughout this initiative. I also thank the management of the Telangana State Cooperative Apex Bank, the District Cooperative Central Banks viz., Karimnagar, Warangal and Hyderabad, and the Cooperative Training Institutions (both Telangana and Andhra Pradesh) for their wholehearted cooperation and support in facilitating this study.

I sincerely hope that the insights and lessons captured here will inspire continuous institutional learning and guide cooperative banks in their journey towards becoming future-ready, resilient, and member-driven institutions.

**Dr. Nirupam Mehrotra**

Director, BIRD Lucknow

September 22, 2025



## Table of Contents

S.N.	Standout Practice	Page No.
1	Abbreviations	v-viii
2	Micro Learning under the Commonwealth of Learning (COL) Project of CTI-Andhra Pradesh State Cooperative Bank Limited	1
3	Adoption of Staff Training Data Management System (STMS) by Telangana State Cooperative Apex Bank – Cooperative Training Institute (TGCAB CTI)	5
4	Treasury Department – Telangana State Cooperative Apex Bank (TGCAB)	10
5	Centralized Digital Signage System (CDSS) of Telangana State Cooperative Apex Bank Limited (TGCAB)	15
6	Deployment of e-Office – Digital Document Filing System at TGCAB, Developed in Collaboration with Ospyn Technologies Limited	20
7	Establishment of Cyber Security Operations Centre (CSOC) and Network Operations Centre (NOC) at TGCAB	23
8	Strengthening CASA through Mobile Banking – The Experience of Karimnagar DCCB	27
9	Impact of Business Diversification in Karimnagar DCCB	31
10	Strengthening Compliance through Internal Inspection Policies and Data Vouching at DCCB Branches and PACS in Karimnagar DCCB	36
11	Warangal District Central Co-operative Bank Ltd. (DCCB) – Strategic Efforts in Imbalance Reduction	39
12	Impact of Branch Expansion by Warangal DCCB in Rural Areas	42
13	Strategic Loan Policy Document of Hyderabad DCCB	46



## Abbreviations

Abbreviation	Expansion
AI	Artificial Intelligence
ANGRAU	Acharya N.G. Ranga Agricultural University
APCOB	Andhra Pradesh State Cooperative Bank
API	Application Programming Interface
ASISO	Automated Sweep in and Sweep Out
BIRD	Bankers Institute of Rural Development
BO	Back Office
CBS	Core Banking Solution
CDO	Cooperative Development Officer
CDs	Certificates of Deposit
CDSS	Centralised Digital Signage System
CGM	Chief General Manager
COL	Commonwealth of Learning
CPs	Commercial Papers
C-PEC	Centre for Professional Excellence in Cooperatives
CASA	Current Account Savings Account
CMS	Content Management System
CSC	Common Service Centre
CSOC	Cyber Security Operations Centre
CTI	Cooperative Training Institute
DCCB	District Central Cooperative Bank
DGM	Deputy General Manager
DLTC	District Level Technical Committee
DMZ	Demilitarized Zone
DPDM	District PACS Development Manager

<b>Abbreviation</b>	<b>Expansion</b>
DR	Disaster Recovery
EDR	Endpoint Detection and Response
ESG	Environmental, Social, and Governance
EWS	Early Warning Signal
FI	Financial Institution
FM	Faculty Member
FO	Front Office
FPO	Farmer Producer Organisation
FY	Financial Year
G-Secs	Government Securities
GM	General Manager
HDCCB	Hyderabad District Central Cooperative Bank
HO	Head Office
HRMS	Human Resource Management System
ICA	International Co-operative Alliance
IBCART	Indian Banks Center for Analysis of Risks and Threats
IDRBT	Institute for Development and Research in Banking Technology
IIT	Indian Institute of Technology
IVRS	Interactive Voice Response System
JLG	Joint Liability Group
KVK	Krishi Vigyan Kendra
KYC	Know Your Customer
L3	Life Long Learning
L3E	Life Long Learning for Employees
L3F	Life Long Learning for Farmers
LOS	Loan Origination System
LT	Long Term (loans)

<b>Abbreviation</b>	<b>Expansion</b>
ML	Machine Learning
MLC	Micro Learning Centre
MOBIMOOC	Mobile Massive Open Online Offline Courses
MoU	Memorandum of Understanding
MSC	Multi Service Centre
MSME	Micro, Small and Medium Enterprise
NABARD	National Bank for Agriculture and Rural Development
NDS-Call	Negotiated Dealing System – Call Money Segment
NDS-OM	Negotiated Dealing System – Order Matching (Securities Segment)
NOC	Network Operations Centre
NPA	Non-Performing Asset
NPAs	Non-Performing Assets
ODL	Open and Distance Learning
OER	Open Educational Resource
PACS	Primary Agricultural Cooperative Societies
PDC	PACS Development Cell
PMS	Portfolio Management Services
QoQ	Quarter-on-Quarter
QR	Quick Response (code)
RBI	Reserve Bank of India
RBAC	Role-Based Access Control
RCS	Registrar of Cooperative Societies
SAO	Seasonal Agricultural Operations
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Act)
SCB	Scheduled Commercial Bank
SD-WAN	Software-Defined Wide Area Network
SDLs	State Development Loans



<b>Abbreviation</b>	<b>Expansion</b>
SDF	Standing Deposit Facility
SFB	Small Finance Bank
SFBs	Small Finance Banks
SHG	Self-Help Group
SIEM	Security Information and Event Management
SLA	Service Level Agreement
S.N.	Serial Number
SOFTCOB	Scheme of Financial Assistance for Training of Cooperative Banks' Personnel
ST	Short Term (loans)
STMS	Staff Training Data Management System
StCB	State Cooperative Bank
STRIPS	Separate Trading of Registered Interest and Principal of Securities
T-Bills	Treasury Bills
TGCAB	Telangana State Cooperative Apex Bank
TNA	Training Needs Assessment
TGCAB	Telangana State Cooperative Apex Bank
UCB	Urban Cooperative Bank
UCBs	Urban Cooperative Banks
UFTN	Unique File Tracking Number
UPI	Unified Payments Interface
VaR	Value at Risk

## Standout Practice I

### Micro Learning under the Commonwealth of Learning (COL) Project of CTI-Andhra Pradesh State Cooperative Bank Limited

#### 1. Background and Rationale

Member education is internationally acknowledged as a cornerstone for cooperative sustainability. The International Co-operative Alliance (ICA) recognises Education, Training, and Information as the fifth cooperative principle. Educated members not only understand their rights and responsibilities but also actively contribute to strategic decision-making, governance oversight, and business development.

In the Indian cooperative credit structure, however, capacity building at the grassroots level especially among Primary Agricultural Cooperative Societies (PACS) employees and member farmers remains a challenge. Traditional training methods have relied heavily on in-person workshops, often excluding these critical segments due to logistical and operational constraints.

The Andhra Pradesh State Cooperative Bank (APCOB)-CTI, with its extensive network comprising District Cooperative Central Banks (DCCBs) and PACS, has recognised that capacity-building efforts must be inclusive, cost-effective, and operationally non-disruptive. This understanding, coupled with the need for scalable training delivery, paved the way for exploring micro learning as a capacity-building tool.

#### 2. Strategic Shift to Micro Learning

##### Why Micro Learning?

- Bite-sized learning modules allow flexible engagement without long absences from work.
- Suitable for adult learners who prefer contextual, need-based knowledge.
- Utilises technology-enabled distance learning, reducing geographic and cost barriers.
- Facilitates just-in-time learning delivering knowledge when required rather than in advance.

APCOB, after studying best practices such as the Vidiyal Organisation's open and distance learning model, identified micro learning as a practical and scalable approach for the cooperative credit ecosystem.

#### 3. Partnership with the Commonwealth of Learning (COL)

The Commonwealth of Learning (COL) is the world's only intergovernmental body dedicated exclusively to open and distance learning. Established in 1987 and hosted by the Government of Canada, COL is headquartered in Burnaby, British Columbia, Canada, and governed by a distinguished Board of Governors.

**Mission:** To help member states harness the potential of distance learning and technology to expand access to quality education and training.

COL's technical and financial support enabled APCOB to design, implement, and expand a Life Long Learning (L3) programme for:

- **L3E:** Life Long Learning for Employees (PACS and cooperative bank staff)
- **L3F:** Life Long Learning for Farmers (member farmers of PACS)

## 4. Project Design and Methodology

### Implementation Workflow

- i. Learner Identification – Conducted via District PACS Development Managers (DPDMs), DCCB field staff, and PACS employees.
- ii. Mobile Network Creation – Registration of mobile numbers; segmentation into farmer and staff learning groups.
- iii. Training Needs Assessment (TNA) – Focus group discussions to identify priority learning topics.
- iv. Content Development – Prepared and validated by subject matter experts in banking, agriculture, governance, and cooperative law.
- v. Content Delivery Mechanism –
  - a. Audio lessons recorded in bilingual format (Telugu & English).
  - b. Disseminated via Interactive Voice Response System (IVRS) in partnership with Indian Institute of Technology (IIT) Kanpur.
  - c. Learners could replay messages, listen to archives, and raise queries.
- vi. Capacity Building of Trainers – CTI and DCCB staff trained in Life Long Learning and Open and Distance Learning (ODL) pedagogy.
- vii. Impact Evaluation – End-line surveys and learner feedback to assess knowledge gains and application.

## 5. Phased Rollout<sup>1</sup>

### Phase I (February–April 2021) – Pilot

- Implemented in three districts: Vizianagaram, Kadapa, Anantapur.
- 918 learners onboarded; 47 audio lessons delivered.
- Topics: Long-term loans, Non-Performing Assets (NPAs) management, refinance eligibility, PACS as Multi Service Centres (MSCs).
- Agriculture content via MoU with Acharya N.G. Ranga Agricultural University (ANGRAU).

### Phase II (August 2021–June 2022) – Expansion

- Coverage extended to six districts.
- 5,000 PACS staff (L3E) and 6,000 farmers (L3F) enrolled.
- Establishment of a Micro Learning Centre (MLC) at Cooperative Training Institute (CTI).
- Exposure visit to Vidiyal Organisation, Theni District, Tamil Nadu, for 40 CTI/DCCB staff.

### Phase III (November 2022–June 2023) – Statewide Rollout

- Coverage expanded to entire Andhra Pradesh.
- 12,056 farmers and 4,129 PACS employees trained.

### Phase IV (November 2023–Ongoing) – Scale-Up

- Target: 65,000 farmers and 4,200 PACS staff.
- As of 20 September 2024: 63,719 farmers, 3,376 APCOB/DCCB staff, and 4,212 PACS staff actively engaged.

(*Source: As per data provided by APCOB-CTI, Andhra Pradesh*)

## 6. Key Features and Innovations

- Establishment of a dedicated Micro Learning Centre (MLC) at CTI with specialised staff.
- Mobile Massive Open Online Offline Courses (MOBIMOOC) training for 1,200 PACS employees with IIT Kanpur.
- Content validation through ANGRAU and Krishi Vigyan Kendras (KVKs).
- Bilingual Open Educational Resource (OER) portal for PACS staff and farmers.
- Gender sensitisation workshops for DPDMs and PACS Development Cell (PDC) staff.
- District-specific customised courses for Srikakulam, Visakhapatnam, Chittoor, Krishna, and Kadapa.

## 7. Impact Assessment

### Quantitative Outcomes

- Over 80,000 learners trained across phases.
- More than 300 audio modules delivered on banking, agriculture, governance, and allied topics.

### Qualitative Outcomes

- Improved knowledge retention and application among PACS employees.
- Enhanced farmers' financial literacy and agricultural decision-making.
- Strengthened PACS governance and service delivery.
- Encouraged adoption of cooperative principles in daily operations.

## 8. Challenges and Mitigation<sup>2</sup>

Challenge	Mitigation Measures
<b>Initial low learner engagement (~20%)</b>	Intensive awareness campaigns, field-level sensitisation by DPDMs.
<b>Perceived isolation in distance learning</b>	Interactive IVRS features, query resolution mechanism.
<b>Content relevance and quality</b>	Continuous feedback loops, expert validation, bilingual delivery.
<b>Expanding rural digital access</b>	Use of mobile voice-based delivery rather than internet-reliant formats.

(*Source: As per data provided by APCOB-CTI, Andhra Pradesh*)

## 9. Policy Implications and Replicability

- Demonstrates viability of technology-enabled cooperative education at scale.
- Reduces dependence on costly physical training infrastructure.
- Highly replicable in states with large PACS/farmer membership and limited training budgets.

## 10. Way Forward

- Expansion to new subject domains – climate resilience, digital payments, market access.
- Integration of multimedia learning – short videos, interactive quizzes.
- Development of impact-linked funding models to sustain and scale initiatives.

### Conclusion

The APCOB–COL micro learning initiative is a transformative capacity-building model that aligns with cooperative principles, leverages technology, and addresses both accessibility and scalability challenges. Its measurable impact on member education, operational efficiency, and governance capacity makes it a best practice worthy of replication nationwide.

Bankers Institute of Rural Development (BIRD), Lucknow and Centre for Professional Excellence in Cooperatives (C-PEC) can play a pivotal role in documenting, refining, and disseminating this model, enabling other cooperative systems to adopt micro learning for sustained institutional strengthening.

## Standout Practice II

### Adoption of Staff Training Data Management System (STMS) by Telangana State Cooperative Apex Bank – Cooperative Training Institute (TGCAB- CTI)

#### 1. Background

The cooperative sector in Telangana has taken notable steps towards modernizing institutional processes by integrating technology in capacity building initiatives. One of the most impactful reforms has been the adoption of the Staff Training Data Management System (STMS) by the Telangana State Cooperative Apex Bank's Cooperative Training Institute (TGCAB CTI).

The initiative was made possible with support from NABARD under its SOFTCOB scheme (Scheme of Financial Assistance for Training of Cooperative Banks' Personnel). The scheme aims to enhance the quality and efficiency of cooperative training institutions across India through financial support for infrastructure, technology adoption, and training process improvement.

Previously, training management at TGCAB CTI relied heavily on manual record-keeping, repetitive administrative procedures, and paper-based documentation, which were prone to delays, errors, and resource inefficiencies. STMS replaced this fragmented approach with a centralized, secure, and automation-driven platform for managing the entire training lifecycle.

#### 2. Objectives of STMS Implementation

The implementation of STMS under NABARD's SOFTCOB scheme was guided by the following strategic objectives:

- i. Digitization of Processes – Shift from paper-based to fully automated workflows.
- ii. Operational Efficiency – Minimize manpower requirements and speed up task completion.
- iii. Data-Driven Rationalization – Use historical participant data to avoid duplication and ensure targeted nominations.
- iv. Real-Time Monitoring – Provide management with dashboards and analytics for informed decision-making.
- v. Security and Compliance – Safeguard participant data and prevent unauthorized document generation.

#### 3. Administrative & Operational Modules<sup>3</sup>

- i. Self-Nomination Facility – Participants can register themselves online, eliminating manual paperwork.
- ii. Integrated Training Workflow – Covers announcement, scheduling, attendance, evaluation, certification, and feedback.

**TELANGANA STATE CO-OPERATIVE APEX BANK**  
**COOPERATIVE TRAINING INSTITUTE**  
 ICT Complex, Rajendranagar, Hyderabad-30  
 (An ISO 9001:2015 Certified Institute and C-PEC Accredited Institute)

2025 International Year of Cooperatives

Upcoming Training Programs

#	Training Program Name	Target Group	Note-1 Before	From-To Dates	Nominations Received	Tests	Nominations Link
1	26026: Impact of SBAs on Financial Health of PACS	PACS	Note-1 Before	23-07-2025 - 29-07-2025	3 Email	Entry Test Exit Test	Link

Ongoing Training Programs

#	Training Program Name	Target Group	From-To Dates	Participants Nominations Link	Tests	Feedback	QR Codes
1	26017: Workshop on Common observations in NABARD's inspection - Remedial measures	TOCAB_DCCBs	09-06-2025 - 10-06-2025	21 Email	TKM Ready	Feedback Composite Rating	QR
2	26028: Advanced Programme on Computerisation of PACS for Staff of PACS	PACS	09-06-2025 - 12-06-2025	20 Email	Entry Test Exit Test	Feedback Composite Rating	QR

26020: Integrated Program for PACS Staff  
 Complete Program  
 End date reached -- set status to 'Completed'

26022: Core Banking Solutions (CBS)  
 Complete Program  
 End date reached -- set status to 'Completed'

26022: Induction Training Programme for the Staff of CUBs  
 Complete Program  
 End date reached -- set status to 'Completed'

26024: Developing PACS into Multi Service Centers  
 Complete Program  
 End date reached -- set status to 'Completed'

iii. Historical Participation Reports – Helps rationalise nominations based on prior attendance.

**TELANGANA STATE CO-OPERATIVE APEX BANK**  
**COOPERATIVE TRAINING INSTITUTE**  
 ICT Complex, Rajendranagar, Hyderabad-30  
 (An ISO 9001:2015 Certified Institute and C-PEC Accredited Institute)

2025 International Year of Cooperatives

Training Program : Workshop on Common observations in NABARD's inspection - Remedial measures

Description

Start Date: 09-06-2025 End Date: 10-06-2025 Status: Ongoing

Sessions

#	Session Name	Start Time	End Time	Faculty
1	Ice-breaking session on "Inspection of MICBs/DCCBs by NABARD" - Interaction with the participants	09-06-2025 10:00	09-06-2025 11:30	D. Eswara Rao
2	Objectives, coverage and contents of NABARD inspections	09-06-2025 11:45	09-06-2025 13:15	D. Eswara Rao
3	Concept of net worth, CRAR & maintenance of statutory liquidity - Case Exercise on working of Net Worth	09-06-2025 14:00	09-06-2025 15:30	Mamoori Shouvik
4	Provisions of various Acts & provisions that are specifically looked into during the course of NABARD inspection	09-06-2025 16:45	09-06-2025 17:15	C. Vijay Kumar Reddy
5	Common observations noticed during the course of inspection on various areas of banks functioning and framework for compliance	10-06-2025 09:00	10-06-2025 10:30	K.S. Ravi Shankar
6	Common observations noticed during the course of inspection on various areas of banks functioning and framework for compliance	10-06-2025 11:45	10-06-2025 13:15	K.S. Ravi Shankar
7	Inspection Statements - On-site and Off-site - Significance of various financial parameters mentioned in the Inspection Reports	10-06-2025 14:00	10-06-2025 15:30	T. Vijay Shankar
8	Panel discussions with the participants, with particular reference to KYC guidelines of RBI	10-06-2025 16:45	10-06-2025 17:15	T. Vijay Shankar

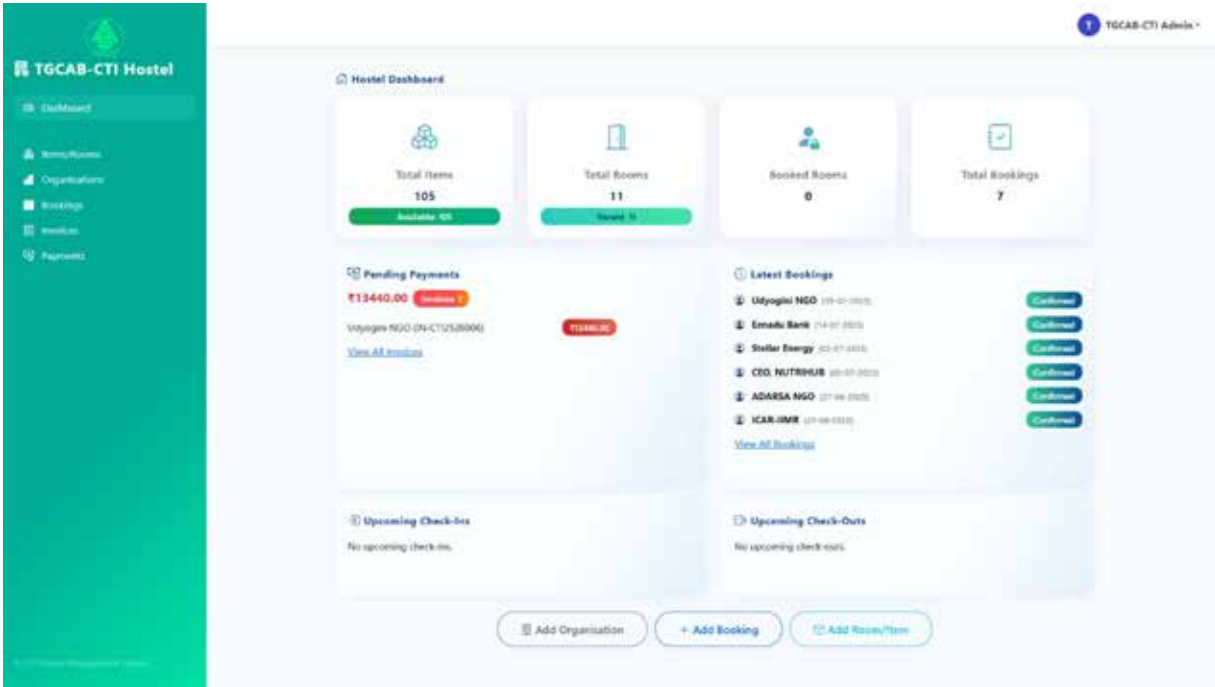
Participants

#	Employee ID	Participant Name	Sponsoring Institute	Present Working District	Place of Work Locating	Status	Test	Feedback	Action
1	1994	Mr. Syed Ridwanuddin	Adilabad DCCB	Adilabad	Head Office	Approved	TKM Ready	Feedback	Link
2	19937	Ms. J. Sangeeta	Hyderabad DCCB	Hyderabad	Head Office	Approved	TKM Ready	Feedback	Link
3	19276	Mr. G.L. Sri Chaitan	Hyderabad DCCB	Hyderabad	Head Office	Approved	TKM Ready	Feedback	Link

Under SOFTCOB Assistance from NABARD, © 2025 TOCAB-CTI. All Rights Reserved.

(Source : Telangana State Cooperative Apex Bank – Cooperative Training Institute (TGCA- CTI), Hyderabad)

- iv. Entry & Exit Evaluation Tests – Online assessments with automatic scoring and gain ratio calculation.
- v. Deadstock & Inventory Management – Digital tracking of equipment, consumables, and assets.
- vi. Hostel Management – Automated booking, allocation, and occupancy records for training participants.



- vii. Analytics & Dashboard – Visual, real-time summaries of training schedules, attendance, and programme outcomes.



(Source : Telangana State Cooperative Apex Bank – Cooperative Training Institute (TGCAB-CTI), Hyderabad)

#### 4. Functional Capabilities in Detail

- i. Programme & Participant Management
  - a. Maintain a secure, central database for all programmes and trainees.
  - b. Modify participant/programme details with authorised approvals.
  - c. Print correction lists for verification before programme commencement.
- ii. Evaluation & Certification
  - a. Conduct online entry/exit tests with instant gain ratio preparation.
  - b. Auto-generate certificates.
  - c. Protect certificates from unauthorised printing.
- iii. Reporting & Analytics
  - a. Generate quarterly, annual, and custom reports instantly.
  - b. Maintain district-wise, year-wise, and target group-wise participant records.
  - c. Identify trained vs. untrained participants for targeted future programmes.
  - d. Export data in multiple formats for further analysis.
- iv. Feedback & Quality Assessment
  - a. Collect session-wise and overall training feedback online.
  - b. Undertake Training Need Assessment (TNA) and impact evaluations.

#### 5. Operational Workflow

Below is a process map of how STMS manages training operations:



This sequence ensures end-to-end coverage of all training processes under a single digital ecosystem.

## 6. Benefits Achieved

- i. Operational Gains
  - a. Manpower Reduction – From 4 staff members to 2 for the same workload.
  - b. Time Efficiency – Faster task completion across all training operations.
  - c. Error Reduction – Automated calculations eliminate manual mistakes.
- ii. Cost Savings
  - a. Lower labour costs due to reduced staffing needs.
  - b. Reduced overhead and printing costs via digitisation.
- iii. Quality Improvements
  - a. Uniform, professional design of certificates and letters.
  - b. Real-time analytics for programme impact assessment.
  - c. Enhanced participant experience through simplified nomination and faster certification.
- iv. Strategic Value
  - a. Data-driven insights for future training programme planning.
  - b. Improved transparency and accountability in training management.
  - c. Scalable model suitable for replication in other cooperative training institutions.

## 7. Best Practice Significance

The TGCAB CTI's adoption of STMS, enabled by NABARD's SOFTCOB scheme, is a replicable best practice for cooperative training institutes nationwide. It demonstrates how targeted financial support and technology integration can:

- Reduce operational inefficiencies.
- Improve programme quality and participant experience.
- Enable strategic decision-making through reliable, real-time data.

### Conclusion

The Staff Training Data Management System (STMS), supported under NABARD's SOFTCOB scheme, has transformed the way TGCAB CTI conducts and manages training. By combining automation, data analytics, and secure record-keeping, the system has elevated operational standards while significantly reducing costs and errors.

This initiative has positioned Telangana as a leader in cooperative training modernisation. The model is scalable, adaptable, and offers a clear roadmap for other states seeking to professionalise their cooperative sector training frameworks. NABARD's intervention through SOFTCOB has not only enabled the acquisition of this system but also ensured that it aligns with national capacity-building priorities for cooperative institutions.

## Standout Practice III

### Treasury Department – Telangana State Cooperative Apex Bank (TGCAB)

#### 1. Introduction

The Treasury Department of the Telangana State Cooperative Apex Bank Limited (TGCAB) plays a central role in investment management, liquidity operations, and market dealing for the bank and its affiliated cooperative institutions.

Operating in a highly regulated environment under the oversight of the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD), the department functions with clear segregation of duties between its Front Office, Mid Office, and Back Office. This structure strengthens internal controls, minimises operational risk, and ensures transparency and accountability in investment and treasury functions.

The department's operational philosophy is anchored in:

- Prudent investment practices guided by an approved Investment Policy.
- Robust governance oversight through dedicated committees.
- Technology-driven dealing platforms for market participation.
- Consistent profitability while ensuring compliance with statutory requirements.

#### 2. Organisational Structure and Functional Segregation

TGCAB's Treasury Department follows a three-tier operational segregation model recommended by regulatory bodies and adopted by leading financial institutions:

##### 2.1 Front Office – Dealing

- ✓ Leadership:
  - Assistant General Manager (AGM), Funds and Treasury Management – Front Office (FTM–FO) serves as Chief Dealer.
  - Reports to the Deputy General Manager (DGM), Funds and Treasury Management – Front Office, who is designated as the Head of Treasury and reports to the General Manager (Banking).
- ✓ Functions:
  - Execute trades in approved instruments within delegated powers.
  - Implement Trading Committee strategies and monitor intra-day market movements.
  - Liaise with brokers, counterparties.

##### 2.2 Mid Office – Risk Management

- ✓ Reports directly to the General Manager (Banking).
- ✓ Functions:
  - Independent risk oversight for market, credit, and operational risks.
  - Monitor adherence to regulatory exposure limits and Investment Policy guidelines.

- Daily review of open positions and profit/loss statements.

### 2.3 Back Office – Confirmations, Settlement, and Accounting

- ✓ Leadership:
  - Officer-in-charge reports to the DGM, Funds and Treasury Management – Back Office, who in turn reports to the GM (Banking).
- ✓ Functions:
  - Trade confirmations, documentation, and settlement processing.
  - Reconciliation of securities and funds.
  - Maintenance of investment registers and accounting entries.
  - Regulatory and management reporting.

## 3. Investment Universe

As per RBI/NABARD guidelines and the bank's approved Investment Policy, TGCAB invests in the following instruments:

- Money Market Instruments: Call, Notice, and Term Money lending.
- Deposits: With Scheduled Commercial Banks (SCBs) and State Cooperative Banks (StCBs).
- Government Securities (G-Secs): Central Government Securities (primary and secondary market).
- State Development Loans (SDLs): State Government Securities (primary and secondary market).
- Treasury Bills (T-Bills).
- Non-SLR Instruments: Bonds and debentures as permitted by RBI.
- Commercial Papers (CPs).
- Mutual Fund Schemes permitted by RBI.
- Other Approved Avenues: As approved by NABARD/RBI.
- Specialised Products:
  - Repo Transactions
  - STRIPS (Separate Trading of Registered Interest and Principal of Securities)
  - SDF-ASISO (Standing Deposit Facility- Automated Sweep in and Sweep Out)
  - Bills Rediscounting Scheme
  - Certificates of Deposit (CDs) of banks and Financial Institutions (FIs).

## 4. Governance and Decision-Making

### 4.1 Trading Committee

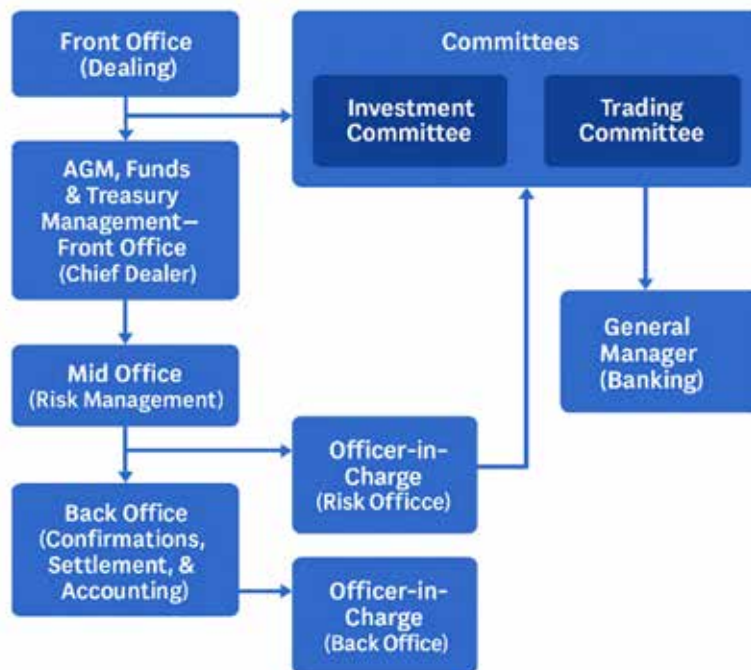
- Composition: General Manager (GM), Deputy General Manager (DGM), and Assistant General Manager (AGM) – Investments.

- ii. Meeting Frequency: Daily (preferably).
- iii. Functions:
  - a. Analyse macroeconomic indicators, monetary policy trends, and bond market directions.
  - b. Formulate daily trading strategies.
  - c. Set intra-day position and stop-loss limits.

#### 4.2 Investment Committee<sup>4</sup>

- i. Composition:
  - a. Managing Director (MD) – Chairperson.
  - b. Chief General Manager (CGM).
  - c. Three General Managers (GMs).
  - d. DGMs (Front Office & Back Office).
  - e. AGM (Front Office) – Convenor.
- ii. Functions:
  - a. Review investment performance, liquidity positions, and compliance reports.
  - b. Approve investment decisions within delegated authority.
  - c. Monitor profitability and portfolio risk metrics.

### TGCAB Treasury Operations



(<sup>4</sup>Source : Telangana State Cooperative Apex Bank (TGCAB), Hyderabad)

## 5. Operational Processes

- i. Pre-Trade: Market analysis, compliance check, and authorisation as per delegation of powers.
- ii. Trade Execution: Conducted through approved electronic platforms.
- iii. Post-Trade: Confirmation with counterparties, settlement through authorised clearing systems, and accounting.
- iv. Reconciliation: Daily reconciliation of securities and cash positions.
- v. Reporting: Preparation of MIS reports for internal management and regulatory submission.

## 6. Technology Platforms

- i. NDS-Call (Negotiated Dealing System – Call Money Segment): Onboarded in September 2022 for efficient money market operations.
- ii. NDS-OM (Negotiated Dealing System – Order Matching, Securities Segment): Infrastructure established in 2023 and onboarding completed in July 2025.

## 7. Performance Track Record

- i. Sustained Profitability: Average annual trading profit of ₹5 crore from active securities trading.
- ii. Historic Milestone: Record trading profit of ₹12.10 crore in FY 2024–25 – the highest in TGCAB’s history.
- iii. Efficient Portfolio Rotation: Active management of Central and State Government Securities to optimise yield and capital gains.

## 8. Risk Management Framework

- i. Compliance with RBI Master Directions and NABARD guidelines on investment and risk management.
- ii. Independent mid-office monitoring for mark-to-market valuation, VaR (Value-at-Risk) limits, and counterparty exposure.
- iii. Use of stop-loss mechanisms to limit trading risks.
- iv. Periodic internal audit and review by statutory auditors.

## 9. Strategic Initiatives

- i. Capacity Building: Ongoing training for treasury staff on advanced trading strategies, derivative products, and risk analytics.

## 10. Key Success Factors

- i. Strong governance through dual committee structure.
- ii. Clear segregation of Front–Mid–Back Office functions.
- iii. Technology adoption for competitive and transparent market participation.
- iv. Skilled and experienced dealing team with market insight.
- v. Consistent track record of profitability without breaching risk parameters.

### Lessons for Replication

- ✓ Cooperative banks can achieve market-competitive treasury performance by adopting corporate banking best practices.
- ✓ Segregated operational structure is critical for risk mitigation.
- ✓ Investment in dealing platforms (NDS-Call/NDS-OM) enhances market access and cost efficiency.
- ✓ Committee-based governance ensures balanced decision-making.

### Conclusion

- i. TGCAB's Treasury Department demonstrates how a state cooperative bank can combine prudence with profitability in treasury operations.
- ii. Through a disciplined governance structure, technology-enabled trading platforms, and skilled human resources, it has positioned itself as a benchmark cooperative treasury operation in India.

## Standout Practice IV

### Centralised Digital Signage System (CDSS) of Telangana State Cooperative Apex Bank Limited (TGCAB)

#### 1. Introduction

TGCAB, as the apex cooperative bank in Telangana, serves as the financial nerve centre for the state's cooperative credit network. With its Head Office (HO) in Hyderabad and a wide network of branches across districts, TGCAB plays a critical role in financing agriculture, rural development, and cooperative growth.

In alignment with its commitment to digital transformation, operational efficiency, and customer-centric services, TGCAB has successfully implemented a Centralised Digital Signage System (CDSS) that is now fully operational in all branches and the Head Office. This technology-driven platform has revolutionised how TGCAB communicates with customers, employees, and stakeholders by replacing outdated manual noticeboards and printed communication with real-time, centrally managed digital displays.

#### 2. Rationale for Implementation

Before the CDSS, updates regarding bank policies, interest rates, product offerings, and financial literacy campaigns were communicated through printed posters, branch-level noticeboards, or circulars. This process was slow, resource-intensive, and inconsistent.

##### Key challenges included:

- ✓ Delays in ensuring updated information reached all branches simultaneously.
- ✓ Inconsistent branding due to local variations in display and printing quality.
- ✓ High recurring costs on printing, courier, and manpower for dissemination.
- ✓ Limited ability to instantly broadcast urgent messages (e.g., policy changes, holiday hours, security alerts).

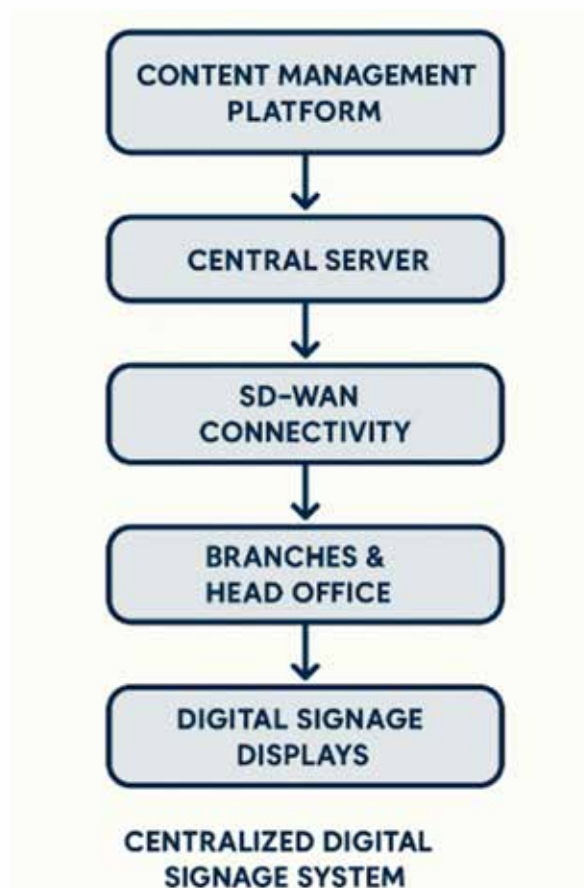
The centralised digital signage initiative aimed to eliminate these inefficiencies, ensure real-time communication, maintain uniform brand presentation, and enable bilingual, customer-friendly engagement across the entire branch network.

#### 3. System Overview and Architecture<sup>5</sup>

The CDSS is built on a cloud-based Content Management System (CMS) hosted at the Head Office. It integrates display units in branches with secure SD-WAN network connectivity to ensure continuous, real-time content streaming. Core components of CDSS include:

- i. Head Office Control Hub
  - a. Operated by the Digital Communication & Marketing Team.
  - b. Manages content creation, review, approval, scheduling, and live monitoring.
  - c. Maintains role-based access controls to ensure authorised publishing only.
- ii. Branch Display Units
  - a. High-definition LED/LCD panels strategically placed in customer service zones.

- b. Networked media players capable of auto-sync with central content.
  - c. Supports video, images, scrolling text, and bilingual content (Telugu and English).
- iii. Network Infrastructure
- a. Primary connectivity: SD-WAN architecture ensuring secure, reliable, and optimised traffic flow between HO and branches.
  - b. The signage boards are connected to a dedicated central server through a configured server IP, allowing content to be pushed and managed remotely using a Digi Super sign Server and Editor application.
  - c. Automatic failover within the SD-WAN network to alternate routes for uninterrupted service.
  - d. 99.8% uptime recorded in first year of operation.
- iv. Monitoring Tools
- a. Live status dashboards at HO to track content playback in every branch.
  - b. Automated alerts for downtime or display errors.
  - c. Performance reports generated weekly and monthly.



(Source : Telangana State Cooperative Apex Bank (TGCAB), Hyderabad)

#### 4. Operational Workflow (Live Environment)

The system runs on a centralised-to-branch broadcast model:

- i. Content Planning
  - a. Monthly and quarterly content calendars developed at HO.
  - b. Inclusion of product promotions, seasonal campaigns, financial literacy modules, and regulatory updates.
- ii. Content Creation & Approval
  - a. Drafted by marketing/design team.
  - b. Reviewed by compliance and approved by senior management before scheduling.
- iii. Scheduling & Publishing
  - a. CMS schedules content for simultaneous display in all branches.
  - b. Ability to insert urgent or emergency messages instantly.
- iv. Branch-Level Engagement
  - a. Branches submit localised content requests (e.g., district-level events).
  - b. HO reviews and approves before publishing.
- v. Monitoring & Feedback
  - a. Real-time monitoring of screen uptime and playback accuracy.
  - b. Customer feedback on content relevance gathered by branch staff and relayed to HO.

#### 5. Content Categories in Live Use

- i. Product & Service Campaigns: Loan schemes, deposit products, insurance offerings.
- ii. Regulatory Communication: RBI/NABARD advisories, policy changes, interest rate revisions.
- iii. Financial Literacy: Credit discipline, cyber fraud prevention, cooperative values.
- iv. Localised Messaging: Branch-specific cooperative events and district-level programs.
- v. Customer Awareness Alerts: Fraud warnings, holiday timings, digital banking promotions.

#### 6. Governance Structure

- i. Roles and Responsibilities
  - a. Head Office (Central Team): Full control over content lifecycle, technical monitoring, and compliance oversight.
  - b. Branch Managers: Ensure displays operate during all working hours; report hardware/network issues.
  - c. IT Department: Maintains SD-WAN network integrity, resolves downtime, and ensures system security.

ii. Security Measures

- a. Encrypted content transmission via SD-WAN tunnels.
- b. Role-based publishing rights to prevent unauthorised updates.
- c. Regular backups of media and configuration files.

**7. Achievements Since Go-Live**

- i. Full Network Coverage: All branches and HO connected and operational.
- ii. Instant Update Capability: Messages published bank-wide in under two minutes.
- iii. Cost Savings:
  - a. Printing and courier costs reduced by over 90%.
  - b. Reduced manpower dependency for content dissemination.
- iv. Customer Engagement:
  - a. Increased queries on advertised products.
  - b. Higher awareness of cooperative banking services and digital channels.
- v. Operational Efficiency:
  - a. Freed up branch staff from repetitive display update tasks.
  - b. Streamlined communication for faster decision implementation.

**8. Performance Indicators (First 12 Months Live)**

Metric	Result <sup>6</sup>
Coverage	100% of branches + HO
Uptime	99.8%
Content Update Speed	< 2 minutes
Avg. Monthly Content Updates	10–12
Cost Reduction in Printing/Dispatch	~92%
Customer Enquiries (Product Campaigns)	+28%

(<sup>6</sup>Source : IT dept.,Telangana State Cooperative Bank Limited (TGCAB))

**9. Challenges and Mitigation in Live Operations**

Challenge	Solution
Occasional branch-level device malfunctions	Prompt replacement and HO-controlled device resets
Content fatigue from repetitive campaigns	Weekly content rotation and diverse formats
Initial operational learning curve	Staff training sessions and quick reference guides

## 10. Lessons Learned

- i. Always-online systems demand redundant connectivity to sustain uptime.
- ii. Regular content refresh cycles are essential for maintaining customer attention.
- iii. Combining centralised control with localised flexibility builds stronger community connect.
- iv. Governance and content approval protocols safeguard brand image and compliance.

## 11. Future Enhancements

- i. Integration with Queue Management Systems for live token display.
- ii. Interactive Self-Service Kiosks for high-footfall branches.
- iii. Data-Driven Content Optimisation using branch-level engagement analytics.
- iv. Staff E-Learning Modules broadcast during non-banking hours.

### Conclusion

The Centralised Digital Signage System (CDSS) at TGCAB represents a transformational leap in the bank's communication strategy. Now live across the entire branch network and HO, and powered by secure SD-WAN connectivity, it has eliminated delays, standardised brand presentation, improved customer awareness, and significantly reduced operational costs.

By integrating technology, governance, and customer engagement, TGCAB has set a new standard for cooperative banks in India, positioning itself as a model for digitally empowered, customer-focused service delivery.

## Standout Practice V

### Deployment of e-Office – Digital Document Filing System at TGCAB, Developed in Collaboration with Ospyn Technologies Limited

#### 1. Background

TGCAB serves as the apex cooperative banking institution for the state of Telangana, with its Head Office (HO) overseeing multiple branches across the state.

Traditionally, administrative and operational functions at both HO and branch levels relied heavily on manual, paper-based file handling. This resulted in:

- i. Slower inter-office communication.
- ii. Delays in approvals and decision-making.
- iii. Significant expenditure on printing, stationery, and storage.
- iv. Difficulty in tracking the status of files and retrieving older documents.

In line with its digital transformation agenda and commitment to improving operational efficiency, TGCAB collaborated with Ospyn Technologies Limited, a leading technology solutions provider, to design, develop, and deploy a customised e-Office Digital Document Filing System. This solution is now fully functional across the Head Office and all branches, creating a single, unified digital platform for secure, efficient, and paper-light operations.

#### 2. Objectives

The e-Office initiative aimed to:

- i. Digitise the document lifecycle from initiation and approval to archival across HO and branches.
- ii. Enable real-time tracking of files for greater transparency.
- iii. Improve turnaround time for decision-making by eliminating delays due to physical file movement.
- iv. Reduce operational costs through paperless workflows.
- v. Enhance compliance readiness with well-structured digital archives.
- vi. Strengthen information security with access controls and audit trails.

#### 3. Implementation Strategy

##### 3.1 Development and Customisation

- i. Ospyn Technologies Limited developed the solution specifically for TGCAB's banking and administrative workflows.
- ii. Custom modules were created for HO departments and branch operations to reflect actual approval hierarchies and work processes.

##### 3.2 Phased Rollout

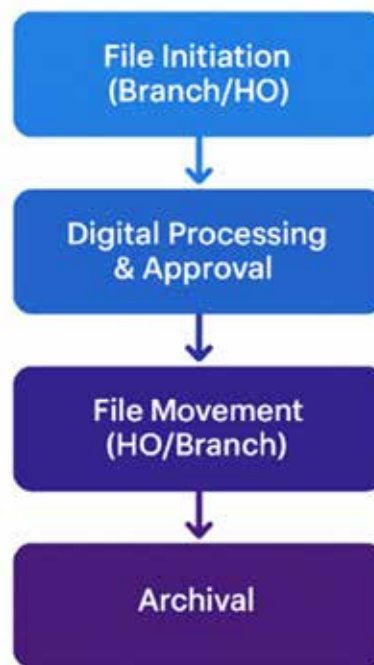
- i. Pilot Phase: Implemented in select HO departments to fine-tune processes.

- ii. Full Deployment: Extended to all HO departments and every branch in the network, ensuring uniform adoption.

### 3.3 Training and Change Management

- i. Ospyn Technologies Limited, along with TGCAB's IT team, conducted structured training sessions for employees at both HO and branches.
- ii. User manuals, FAQs, and dedicated support channels were established to address transition challenges.

#### e-Office – Digital Document Filing System



(*Source : IT dept.,Telangana State Cooperative Bank Limited (TGCAB)*)

## 4. Key Features<sup>7</sup>

- i. Digital File Creation and Movement – Initiate and process files entirely online.
- ii. Unique File Tracking Number (UFTN) – For precise monitoring of each document's journey.
- iii. Role-Based Access Control (RBAC) – Ensures only authorised personnel can access sensitive files.
- iv. Version History & Audit Trail – Complete change logs for accountability.
- v. Workflow Automation – Predefined routing for approvals based on hierarchy.
- vi. Secure Digital Archiving – Indexed by metadata for quick retrieval.
- vii. Advanced Search – Locate files using subject, date, department, or keywords.
- viii. Integrated Dashboards – Monitor pending files, departmental workloads, and turnaround times.

- ix. Digital Signatures – Legally valid authentication under the IT Act.
- x. Automated Alerts & Reminders – Notify pending actions and deadlines.

## 5. Operational Impact

- i. Significant Time Savings: File clearance cycles reduced from days to hours.
- ii. Cost Efficiency: Sharp reduction in printing, courier, and storage costs.
- iii. Transparency: Real-time status tracking reduces follow-up calls and emails.
- iv. Better Compliance: Instant retrieval aids statutory, regulatory, and internal audits.
- v. Environmental Benefits: Lower paper usage aligns with sustainability objectives.
- vi. Branch–HO Integration: Seamless document flow across the entire network.

## 6. Lessons Learned

- i. Training Drives Adoption – Continuous user orientation ensured faster acceptance.
- ii. Leadership Support is Crucial – Senior management’s commitment accelerated deployment.
- iii. Gradual Transition Minimises Disruption – Phased rollout prevented operational slowdowns.
- iv. Feedback Loops Improve Usability – Incorporating suggestions from branch and HO staff enhanced the system’s effectiveness.
- v. Clear Role Definitions Avoid Delays – Mapping responsibilities within the system prevents bottlenecks.

## 7. Future Enhancements

- i. Mobile Application Integration – For file review and approvals on the go.
- ii. Advanced Analytics – AI-based insights on bottlenecks and workload distribution.
- iii. Integration with Core Banking and HRMS – For automated document capture and linking.
- iv. Context-Based Search – Smarter retrieval using natural language processing.
- v. Automated Disposal & Retention Compliance – Alerts for record retention deadlines and disposal schedules.

### Conclusion

The deployment of the e-Office – Digital Document Filing System across TGCAB’s Head Office and branches marks a milestone in the bank’s digital governance journey. By replacing manual, paper-driven processes with a centralised, secure, and efficient digital platform, TGCAB has achieved measurable gains in operational speed, cost efficiency, and compliance readiness.

The collaboration with Ospyn Technologies Limited has produced a tailor-made, scalable solution that aligns with TGCAB’s operational needs, supports its branch network, and sets a benchmark for technology adoption in the cooperative banking sector.

## Standout Practice VI

### Establishment of Cyber Security Operations Centre (CSOC) and Network Operations Centre (NOC) at TGCAB

#### 1. Background

TGCAB, as the apex cooperative bank for Telangana, plays a pivotal role in supervising and enabling the operations of District Central Cooperative Banks (DCCBs) and Primary Agricultural Credit Societies (PACS). With the cooperative credit structure spanning three tiers - StCB, DCCB, and PACS ensuring secure, reliable, and uninterrupted digital connectivity across all levels has become a mission-critical requirement.

In line with the bank's digital transformation and cyber resilience objectives, TGCAB established a Cyber Security Operations Centre (CSOC) and a Network Operations Centre (NOC), creating a centralised yet tier-integrated monitoring ecosystem; a pioneering initiative in the Indian cooperative banking sector.

#### 2. Objectives of the Initiative

- i. Enhance Cyber Security – Real-time monitoring and threat detection across the cooperative banking network.
- ii. Ensure Network Stability – Maintain high availability and performance of all digital services.
- iii. Integrate All Tiers – Provide visibility and control over StCB, DCCBs, and PACS under a single operational framework.
- iv. Automate Monitoring & Incident Response – Reduce downtime and response time for any disruptions.
- v. Improve IT Asset Management – Centralised inventory and lifecycle tracking of hardware and software.

#### 3. Core Components<sup>8</sup>

##### A. Cyber Security Operations Centre (CSOC)

- i. Operates 24×7 with hybrid staffing bank's own team plus specialised vendor support.
- ii. Uses Security Information and Event Management (SIEM) to correlate and analyse log data from across the network.
- iii. Incorporates IBCART threat intelligence for proactive risk identification.
- iv. Monitors perimeter, internal, and DMZ firewalls; detects and blocks suspicious traffic.
- v. Participates in IDRBT cyber drills to improve readiness.

##### B. Network Operations Centre (NOC)

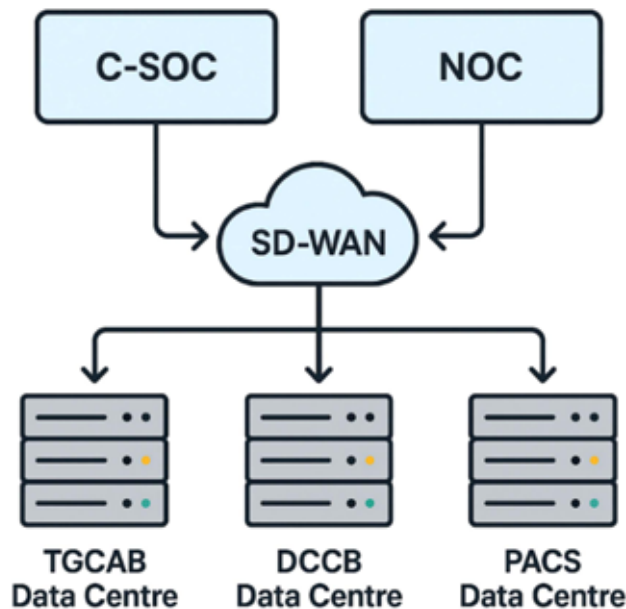
- i. Powered by ManageEngine suite:
  - a. Network Monitoring Tool – Bandwidth, latency, device health, and uptime.
  - b. Asset Management Tool – Live inventory of IT assets across StCB, DCCBs, and PACS.
  - c. Ticketing Tool – End-to-end incident reporting, tracking, and closure.
- ii. Conducts regular patch management, network performance analysis, and antivirus health checks.

### C. SD-WAN Technology for Three-Tier Connectivity

- i. Software Defined Wide Area Network (SD-WAN) deployed to optimise connectivity between CSOC/NOC and StCB/DCCBs/PACS.
- ii. Dynamic path selection ensures minimal downtime and optimum performance for core banking and allied applications.
- iii. Traffic prioritisation for critical banking applications, ensuring seamless service delivery even during peak loads.

### D. Data Centre Integration

- i. Dedicated servers for each tier:
- ii. TGCAB Data Centre – Apex-level systems.
- iii. DCCB servers – Managed centrally but with operational autonomy.
- iv. PACS servers – Isolated for data security, but monitored for uptime and performance.
- v. Isolated monitoring to safeguard PACS data while still enabling performance oversight from NOC.



(<sup>8</sup>Source : IT dept.,Telangana State Cooperative Bank Limited (TGCAB)

## 4. Incident Handling Workflow

- i. Fluctuation Detected – NOC identifies anomaly in network/device performance via monitoring tools.
- ii. Ticket Generated – Automated ticket creation in the Ticketing Tool, assigning responsibility to relevant technical staff.
- iii. Issue Resolution – Network/IT support teams work on the incident, escalating if required.
- iv. Closure and Documentation – Post-resolution, tickets are closed with detailed logs for audit and compliance purposes.

## 5. Uniqueness of the TGCAB Model

- i. Covers the Entire Cooperative Banking Chain – Rare integration of StCB, all DCCBs, and PACS into one unified monitoring and security framework.
- ii. SD-WAN Enabled Resilience – Ensures optimal routing, high availability, and application-aware traffic management across rural and urban branches.
- iii. Proactive Incident Management – Automated detection, ticketing, and resolution reduce downtime significantly.
- iv. Tier-Specific Monitoring – Ability to drill down from apex level to PACS-level network performance and security posture.
- v. Central Governance with Distributed Execution – While monitoring is centralised, execution happens at the nearest operational level.

## 6. Impact

- i. Reduced Downtime – Faster detection and resolution of issues, improving operational continuity.
- ii. Enhanced Cyber Resilience – Real-time detection and blocking of suspicious activities.
- iii. Operational Efficiency – Automation in network, security, and asset management has reduced manual intervention.
- iv. Better Asset Visibility – Complete control and tracking of IT assets across the cooperative structure.
- v. Improved Stakeholder Confidence – Regulatory compliance and enhanced transparency have strengthened trust among members and regulators.

## 7. Lessons Learned

- i. Centralised Systems Require Strong Change Management – Staff sensitisation and training were critical for smooth adoption.
- ii. Local Network Challenges Persist at PACS Level – Continuous optimisation of SD-WAN policies was needed to handle rural infrastructure limitations.
- iii. Incident Response SLAs – Clearly defined response timelines improved resolution speed.
- iv. Integration Testing – Early-stage testing across all three tiers reduced post-implementation hiccups.

## 8. Future Enhancements

- i. AI-Powered Monitoring – Use AI/ML in SIEM for predictive threat detection and automated incident prioritisation.
- ii. Tier-Specific Compliance Dashboards – Real-time compliance tracking for StCB, DCCB, and PACS individually.
- iii. Automated Resolution – Self-healing workflows integrated with ticketing for minor faults.
- iv. Secure Inter-Tier Data Sharing – Controlled API gateway to allow authorised exchanges without exposure.
- v. Disaster Recovery Expansion – DR site to replicate isolated monitoring for each tier.
- vi. Performance Optimisation – SD-WAN analytics for benchmarking and resource tuning.



- vii. Enhanced PACS Protection – EDR (Endpoint Detection and Response) with dedicated monitoring rules for PACS servers.
- viii. User Behaviour Analytics – Detect abnormal employee activity across all tiers.
- ix. Simulation-Based Training – Cyber incident drills specific to each tier.
- x. Hybrid Cloud Integration – Scalable cloud support for overflow analytics while maintaining tier isolation.

### **Conclusion**

The establishment of CSOC and NOC at TGCAB marks a milestone in cooperative banking IT infrastructure. This initiative's uniqueness lies in its comprehensive coverage of all three tiers of the cooperative credit structure.

By bringing real-time monitoring, automated ticketing, network optimisation, and robust cyber security into one framework, TGCAB has positioned itself as a leader in technology-enabled cooperative banking governance, setting a benchmark for similar institutions nationwide.

## Standout Practice VII

### Standout Practice VII: Strengthening CASA through Mobile Banking – The Experience of Karimnagar DCCB

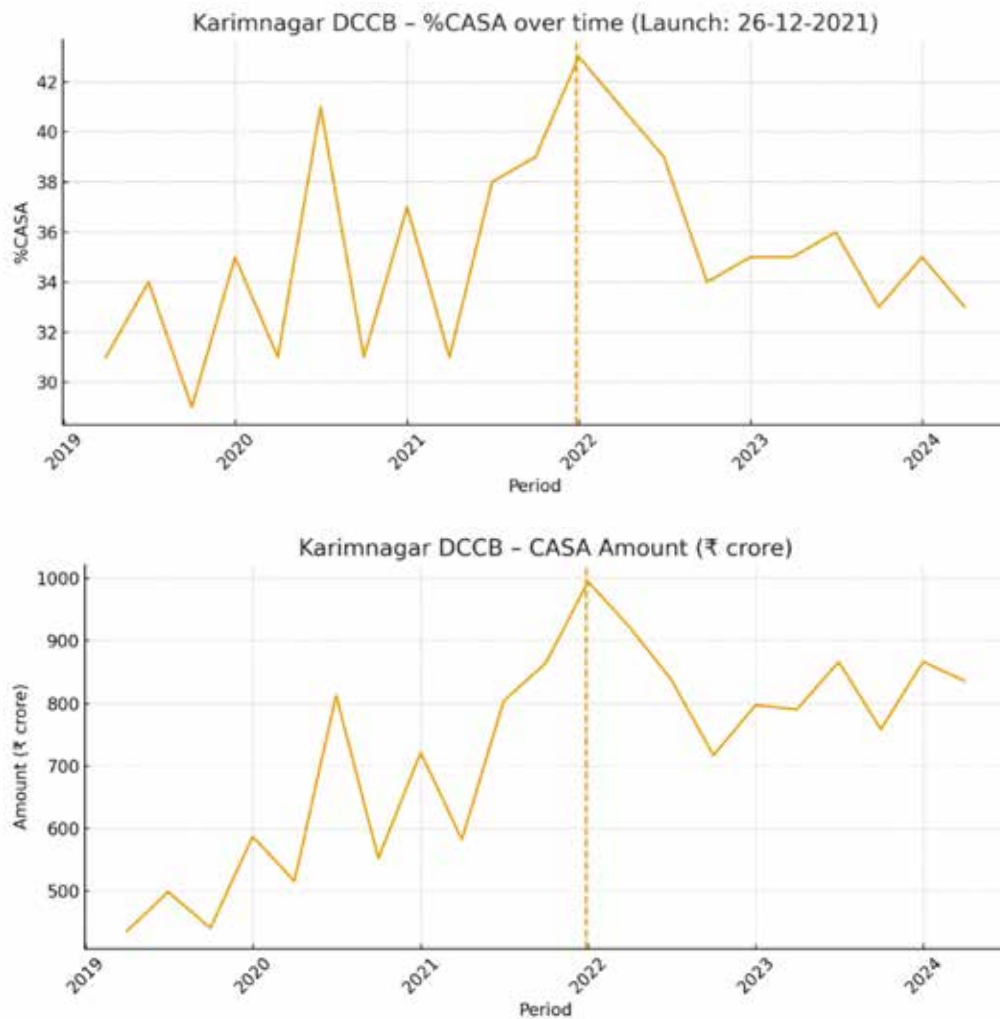
#### 1. Introduction

The Karimnagar District Central Co-operative Bank Ltd. (Karimnagar DCCB), a leading cooperative bank in Telangana, has consistently sought innovative ways to enhance customer service, improve deposit mobilization, and strengthen its low-cost deposit base. Recognizing the growing preference for digital banking, the bank launched a Mobile Banking Application on December 26, 2021 to provide 24x7 access to banking services across urban, semi-urban, and rural customer segments.

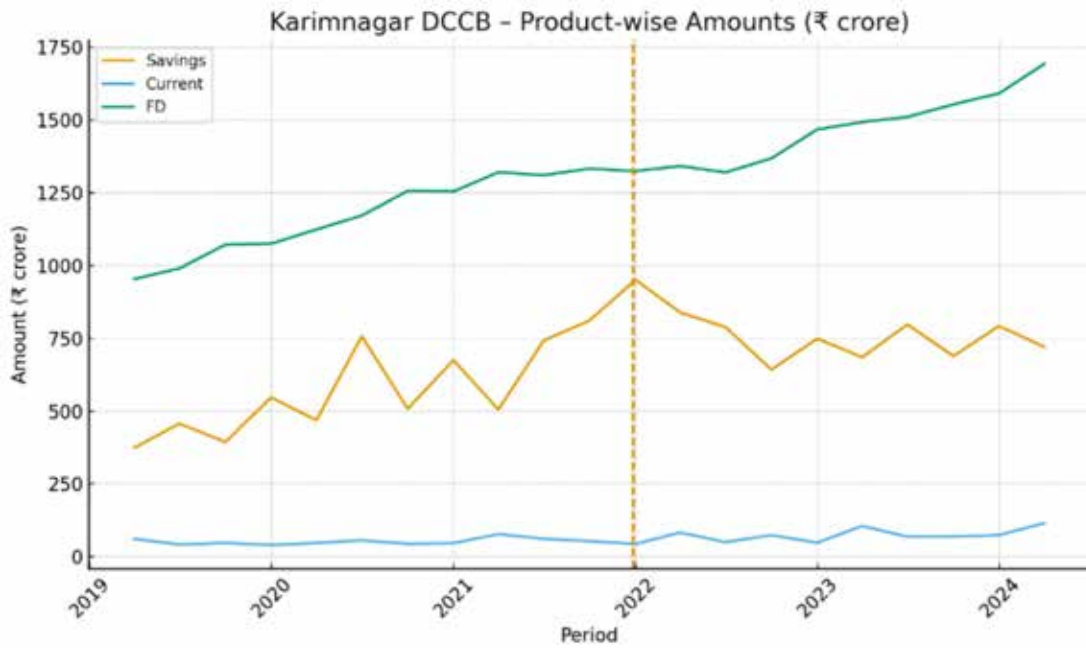
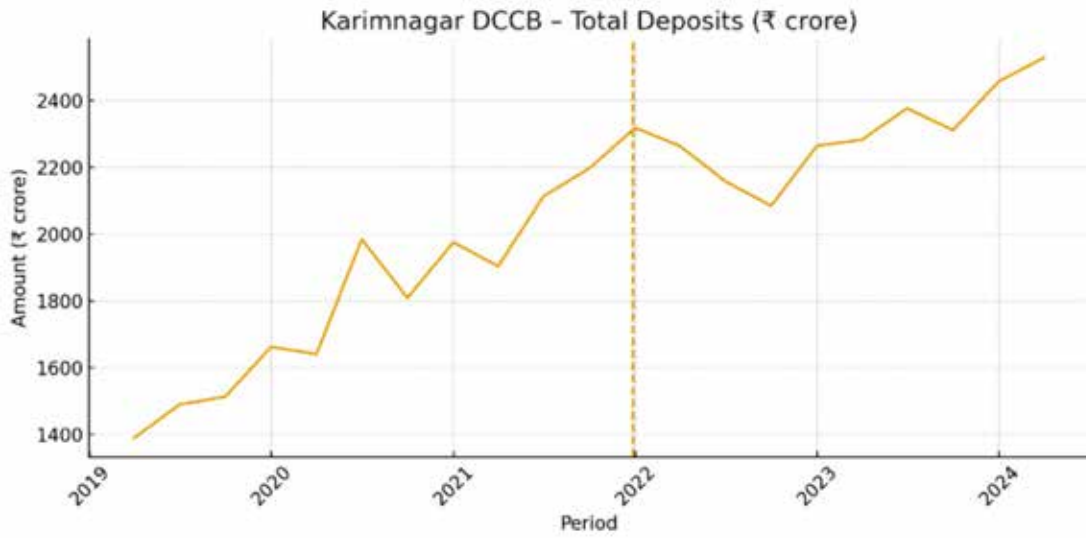
The aim was to (i) increase low-cost deposits (CASA), (ii) improve customer convenience via payments and collections, and (iii) reduce reliance on costlier term deposits.

#### 2. CASA Growth Trajectory Post Mobile Banking Adoption <sup>(9&10)</sup>

- Data on quarterly position of deposits with Karimnagar DCCB is enclosed as Annexure I.



(%Source : ENSURE, NABARD)



(<sup>o</sup>Source: ENSURE, NABARD)

### 2.1 What the data shows (see graphs):

- Immediate step-up in %CASA from **39% to 43%** in the first quarter after launch—the highest in the series.
- CASA balances rose by ~₹129.75 crore QoQ (₹864.56 → ₹994.31 crore).
- Post-launch, CASA stabilised at a higher plateau versus the pre-launch baseline, even as FDs grew during the rising-rate cycle.

### 3. Impact of Mobile Banking Adoption

#### 3.1 Immediate step-up (%CASA 39% → 43% — series high)

- Timing: From 30-Sep-2021 to 31-Dec-2021—the first reporting quarter after the 26-12-2021 UPI app launch.
- Shift in mix: %CASA jumps by +4 pp (39% → 43%), the highest level in the entire 2019–2024 run.
- Per-account lift (evidence of deeper usage):
  - Before (30-Sep-2021): ₹864.56 cr across 5,90,871 CASA accounts ⇒ ~₹14.6k/account.
  - After (31-Dec-2021): ₹994.31 cr across 5,22,570 accounts ⇒ ~₹19.0k/account.
  - Result: ~30% jump in average balance per CASA account, showing that the **gain came from higher balances/engagement, not merely more accounts.**

#### 3.2 CASA balances rose by ~₹129.75 cr QoQ (₹864.56 → ₹994.31 cr)

- **Quantum & context:** A ~15% QoQ rise in CASA balances right after go-live (₹+129.75 cr).
- **Near-term follow-through:**
  - 31-Mar-2022: ₹922.20 cr (seasonal dip, still ↑ vs pre-launch avg).
  - 30-Jun-2022: ₹838.14 cr.
  - 30-Sep-2022: ₹716.90 cr (lowest post-peak as FD rates rise).
  - But the level re-expands repeatedly thereafter—e.g., 30-Jun-2023 → ₹866.32 cr, 31-Dec-2023 → ₹866.62 cr, 31-Mar-2024 → ₹835.62 cr—all well above the pre-launch four-quarter average of ₹743.09 cr.
- **Four-quarter view:**
  - Pre-launch last four Quarter avg.: ₹743.1 cr CASA, 36.25% share.
  - First four post-launch Quarter avg.: ₹867.9 cr CASA (~+17%) and 39.25% share (~+3%).

#### 3.3 Post-launch, CASA stabilised at a higher plateau—even as FDs grew

- **FD trend underscores the achievement:**
  - FD outstanding: ~₹1,320 cr → ₹1,693 cr (31-Mar-2021 to 31-Mar-2024), a ~28% rise as rates moved up—typically dilutive to %CASA.
- **Despite that headwind, CASA stays structurally stronger than before the app:**
  - %CASA mostly holds in the 33–41% band post-launch vs ~36% pre-launch average. CASA balances oscillate with the rate cycle/seasonality but consistently clear the old baseline (frequent prints >₹850–900 cr).
- **Driver pattern in products:**
  - Savings balances carry most of the post-launch lift (post-launch 4Q avg. ₹805 cr vs pre ₹683 cr).
  - Current balances also improve on average (post ₹62.8 cr vs pre ₹59.8 cr) with visible spikes (e.g., ₹105.6 cr in Mar-23; ₹115.7 cr in Mar-24)—consistent with growing UPI/QR collections.

#### 4. Drivers of CASA Growth via Mobile Banking

- i. Convenience & Accessibility – Customers could perform balance checks, fund transfers, bill payments, and deposits anytime, reducing branch dependency.
- ii. Integrated Digital Features – UPI, QR-based payments, and instant account services encouraged customers to keep higher balances.
- iii. Targeted Campaigns – Awareness drives linked mobile banking with benefits such as reduced service charges for active CASA accounts.
- iv. Cross-Product Linkages – Loan repayments, subsidy credits, and recurring deposits were integrated with CASA accounts via the mobile platform.

#### 5. Overall Outcome

- i. Structural gain in low-cost funding: Higher CASA share and balances post-launch.
- ii. Resilience through the rate cycle: Even with FD upswings in FY23-FY24, %CASA remained above pre-launch averages.
- iii. Balance-per-account effect: CASA value rose faster than depositor counts pointing to higher engagement per user.

#### 6. Lessons Learned

- i. Digital adoption directly correlates with CASA growth when combined with awareness programs and user-friendly features.
- ii. Volume growth is a better long-term success metric than CASA ratio alone, as total deposits can rise faster than CASA.
- iii. Continuous feature upgrades keep customers engaged and prevent attrition to competitors.

#### 7. Future Roadmap

- i. Introduce AI-driven personal finance insights in the mobile app to increase customer interaction.
- ii. Data analytics-based targeting to re-activate low-balance or dormant CASA accounts.
- iii. Integration with digital lending and investment products to further deepen wallet share.
- iv. Double merchant acceptance: Add QRs to PACS outlets/fair-price shops/rural markets; enable UPI-AutoPay/e-mandates.
- v. Digital salary ecosystems: Tie-ups with schools, hospitals, MSMEs for salary SA with bundled app usage.
- vi. Partnership rails: Co-campaigns with SHG federations, FPOs, and district departments to channel recurring flows.

#### Conclusion

The UPI enabled mobile app created a step-change in Karimnagar DCCB's low-cost funding: %CASA jumped to 43% and CASA balances rose by ~₹130 crore immediately, then held at a higher plateau despite FD competition. Digital payments drove daily engagement and stickier balances, making mobile banking a proven lever to strengthen CASA sustainably.

## Standout Practice VIII

### Impact of Business Diversification in Karimnagar DCCB

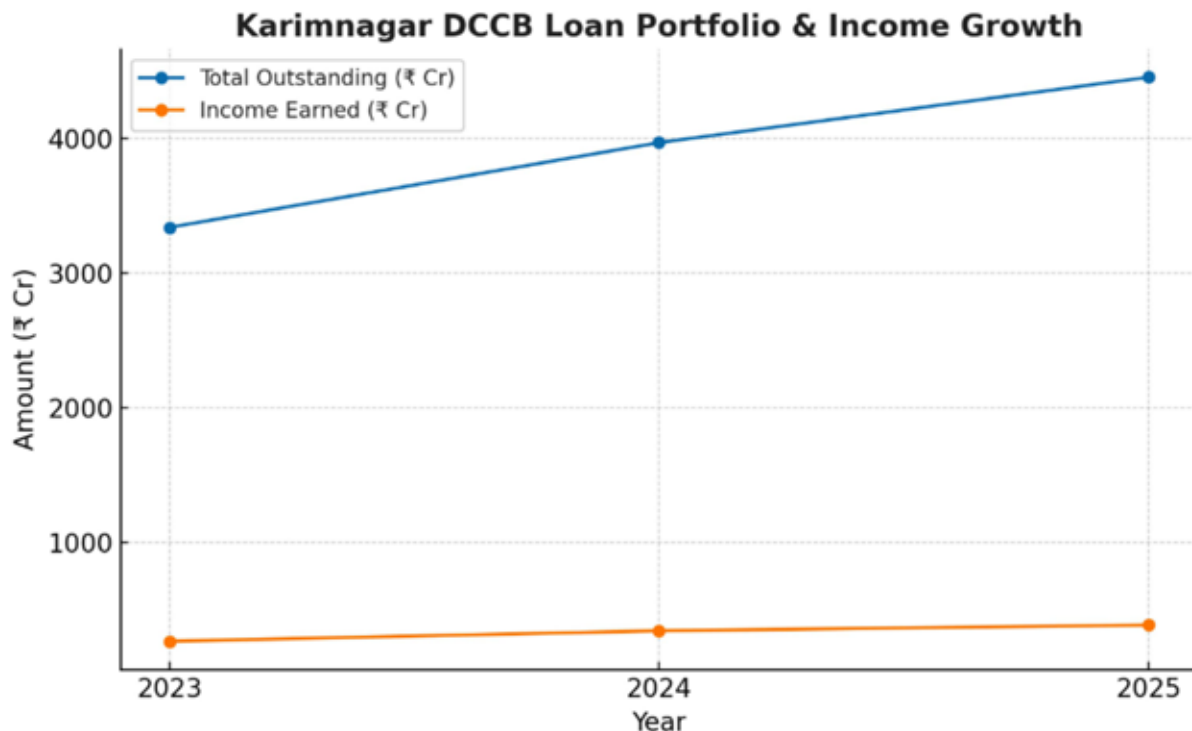
#### 1. Introduction

Karimnagar DCCB functions within a restricted geographical area serving rural, semi-urban, and agricultural communities. Within this boundary, competition from commercial banks, small finance banks (SFBs), and other cooperative institutions is intense. Relying solely on short-term agricultural lending exposes the bank to seasonal risks, weather disruptions, fluctuating commodity prices, and policy changes.

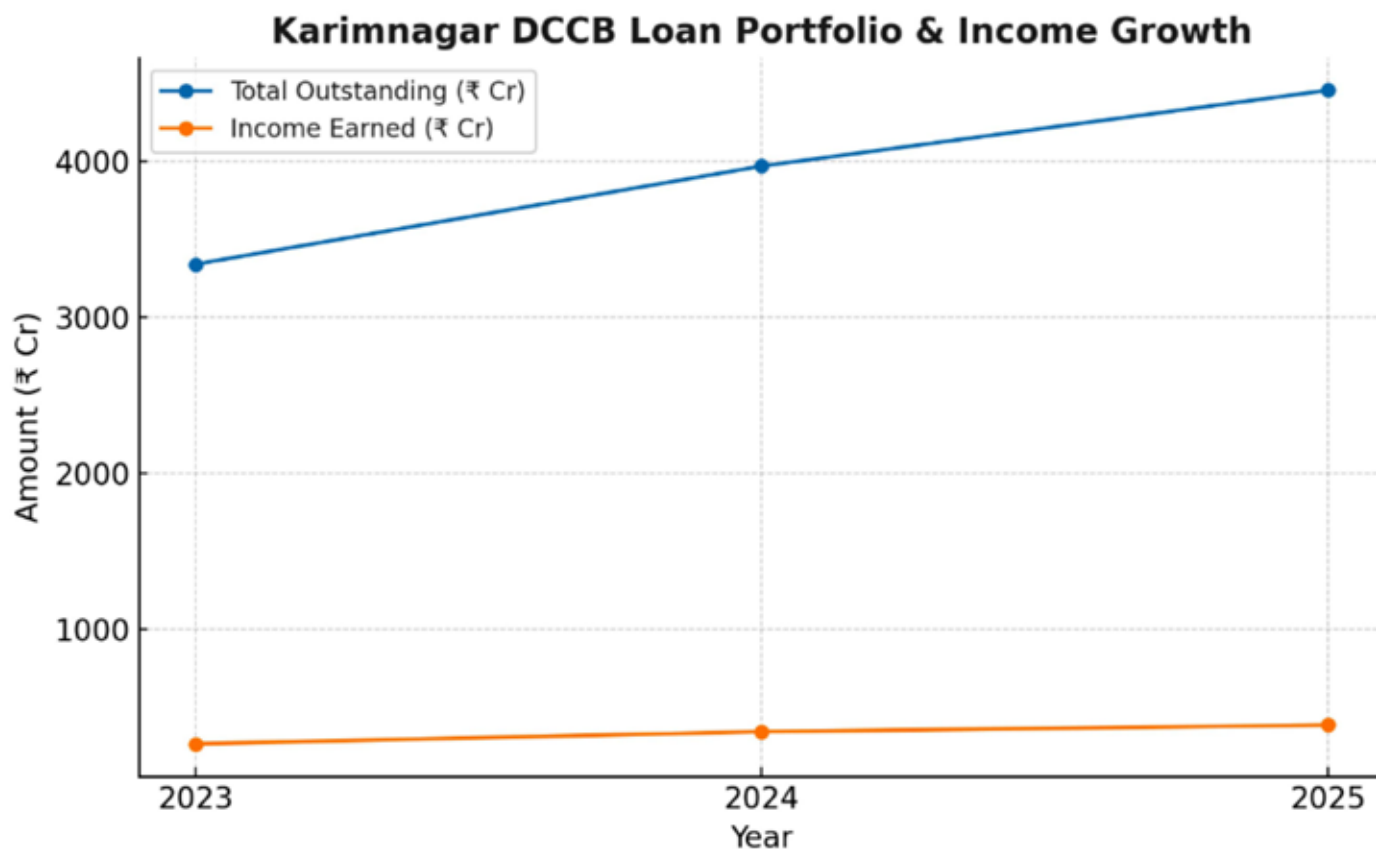
To counter these risks and enhance earnings stability, the bank strategically diversified its loan portfolio to include retail loans, MSME finance, housing loans, gold loans, and allied sectors while retaining its agricultural focus. This approach is aimed at achieving growth, resilience, and sustained profitability despite operating in a competitive and geographically limited market.

#### 2. Portfolio Growth Overview (in ₹ crore)<sup>11&12</sup>

Year	Total Outstanding Loans	Total Income Earned	YoY Loan Growth (%)	YoY Income Growth (%)
2022-23	3,342.39	268.48	—	—
2023-24	3,971.93	346.29	18.84%	28.98%
2024-25	4,457.97	388.59	12.23%	12.19%



<sup>(11)</sup>Source: Karimnagar District Central Cooperative Bank, Karimnagar, Telangana)



(<sup>12</sup>Source: Karimnagar District Central Cooperative Bank, Karimnagar, Telangana)

**Key Insight:** Over two years, total advances grew by 33.36%, and income increased by 44.77%, proving that diversification improved both volume and yield quality.

### 3. Segment-wise Portfolio Composition

#### i. Agriculture and Allied Activities

- a. Short Term Loans – SAO: ₹854.50 Cr in 2024–25, up 29.76% from 2022–23, providing steady support to farmers.
- b. Sheep Rearing (Long Term): ₹286.19 Cr portfolio with ₹20.21 Cr income, stable despite sectoral challenges.
- c. Poultry & Fisheries Loans: Maintained presence, ensuring support to allied agricultural livelihoods.

#### ii. Retail and Housing Finance

- a. House Construction Loans – Individuals: Grew to ₹5,225.05 Cr (+29.56%).
- b. Education Loans: Rose sharply to ₹2,017.48 Cr (+80.05%), reflecting growing aspirations for higher education.

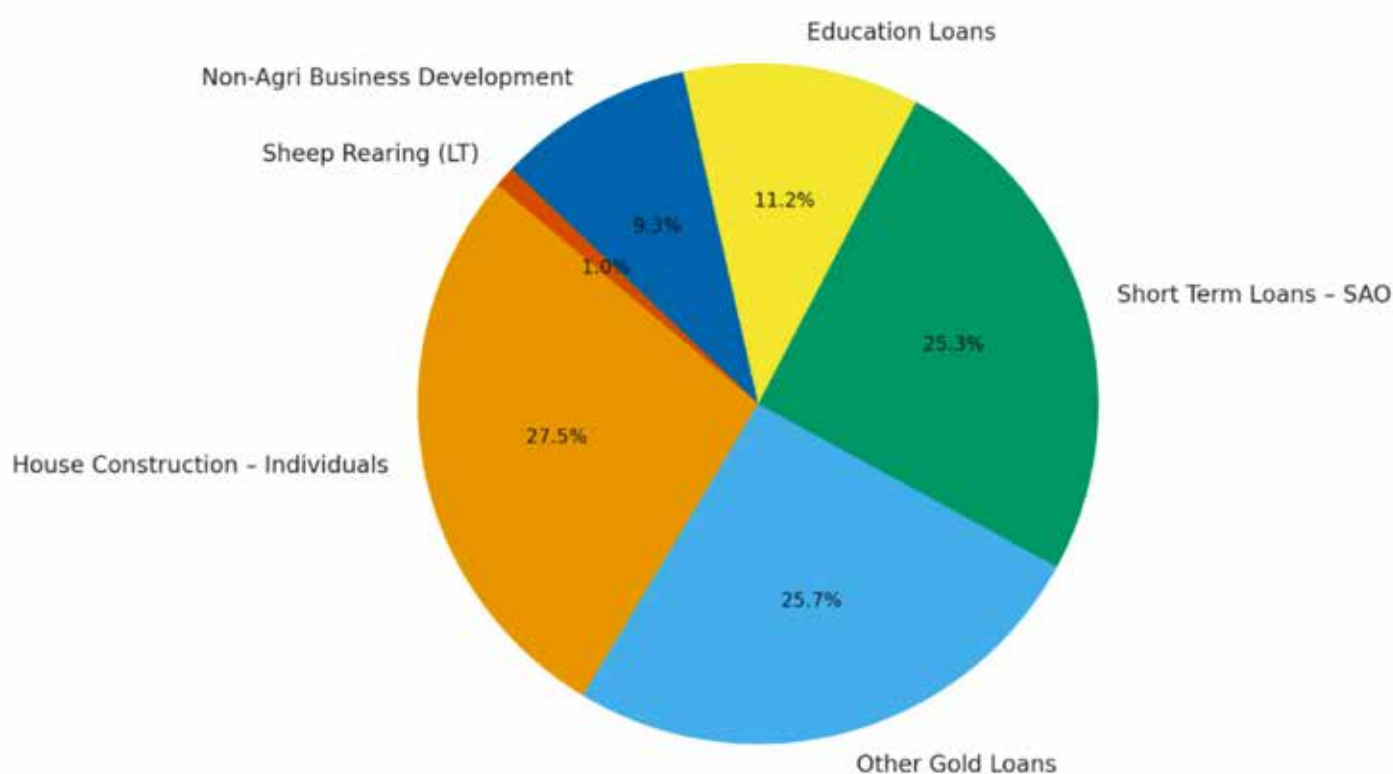
#### iii. Gold Loans

- a. Other Gold Loans: ₹5,837.36 Cr (+55.40%).

- b. High-Value Gold Loans (>₹2 Lakh): Tripled to ₹484.01 Cr, appealing to asset-rich borrowers.
- iv. MSME & Business Loans
- a. Non-Agricultural Business Development Loans: Expanded to ₹2,287.89 Cr (+118%), supporting entrepreneurship.
- b. Karshaka Mithra Loans to PACS: Significant presence at ₹2,004.15 Cr, linking credit to primary cooperatives.

#### 4. Income Contribution by Major Segments (FY 2024–25)

Share of Loan Categories in Total Loan Income



Loan Category <sup>13</sup>	Outstanding (₹ Cr)	Income (₹ Cr)	% Share in Total Income
House Construction – Individuals	5,225.05	555.07	14.28%
Other Gold Loans	5,837.36	518.09	13.33%
Short Term Loans – SAO	854.50	510.25	13.12%
Education Loans	2,017.48	226.76	5.83%
Non-Agri Business Development	2,287.89	188.56	4.85%
Sheep Rearing (LT)	286.19	20.21	5.20%

(<sup>13</sup>Source : Karimnagar District Central Cooperative Bank, Karimnagar, Telangana)

## 5. Strategic Importance of Diversification for a DCCB

For a DCCB like Karimnagar, diversification is not just an option but a strategic necessity:

- i. **Limited Market Size:** The bank cannot expand its operational area like commercial banks, so the only way to grow is to deepen penetration through varied loan products catering to all customer segments within the existing geography.
- ii. **High Competition:** Nationalised banks, SFBs, and microfinance institutions are competing aggressively for both agricultural and retail customers. Offering competitive products with fast processing helps retain and attract clients.
- iii. **Risk Mitigation:** A diversified portfolio ensures that a downturn in one sector, such as agriculture, does not severely impact the bank's earnings.
- iv. **Regulatory Alignment:** NABARD and RBI encourage cooperative banks to strengthen financial sustainability, for which diversification is a proven tool.
- v. **Customer Retention:** Offering a wider range of products allows the bank to serve the multiple needs of the same customer, improving loyalty and reducing churn.

## 6. Strategic Insights from the Diversification Effort

- i. **Balanced Portfolio Mix:** By maintaining a healthy ratio between agricultural and non-agricultural loans, the bank reduced seasonal income fluctuations.
- ii. **Retail Loan Dominance:** Housing, education, and gold loans offer long tenures or high demand, ensuring consistent income streams.
- iii. **Rural-Urban Link:** MSME and high-value gold loans tap into semi-urban economic activity while still aligning with the cooperative mandate.
- iv. **Revenue Stability:** Higher-margin loans, particularly in gold and MSME, have cushioned the bank against interest rate volatility.
- v. **Operational Efficiency:** Product segmentation allowed for better credit appraisal models, reducing NPAs and enhancing yield.

## 7. Lessons Learned

- i. **Adaptability is Key:** The bank succeeded because it responded quickly to changing demand patterns, e.g., shifting emphasis to gold loans when liquidity needs surged.
- ii. **Cross-Selling CASA Products:** Linking loan products with CASA accounts boosted deposit mobilisation, improving liquidity for further lending.
- iii. **Portfolio Health Monitoring:** Diversification must be accompanied by strong monitoring to ensure that non-agri portfolios don't accumulate high credit risk.
- iv. **Brand Positioning:** As the bank expanded into multiple products, it reinforced its brand as a "one-stop financial partner" for the local community.
- v. **Staff Training:** Diversification required skill upgrades in risk assessment, sector-specific appraisal, and marketing.

## 8. Future Enhancements

- i. **Digital Loan Origination & Automation:** Implement fully digital processes for loan sanctioning, enabling faster disbursement and reducing operational costs.
- ii. **Agri-Value Chain & Allied Lending:** Expand into financing warehousing, cold storage, food processing, and renewable energy in agriculture to strengthen value chain integration.
- iii. **Product Innovation:** Introduce small-ticket instant loans via mobile banking to capture younger customers and emergency credit needs.
- iv. **Data Analytics for Lending Decisions:** Use customer transaction data to personalise loan offers, improving conversion rates and managing risk.
- v. **Sustainability-linked Lending:** Launch loan products for solar, biogas, and sustainable farming, aligning with ESG (Environmental, Social, and Governance) goals.
- vi. **Partnerships with PACS & SHGs:** Co-lending and joint product development with PACS and Self-Help Groups to expand outreach in underserved pockets.

### Conclusion

Karimnagar DCCB's diversification strategy showcases how a cooperative bank with jurisdictional constraints can still achieve impressive growth and resilience through strategic portfolio expansion. By blending traditional agricultural lending with retail, MSME, housing, and gold loans, the bank has strengthened its financial position, mitigated risks, and created multiple income streams. This case sets a benchmark for other DCCBs seeking sustainable growth in competitive environments.

## Standout Practice IX

### Strengthening Compliance through Internal Inspection Policies and Data Vouching at DCCB Branches and PACS in Karimnagar DCCB

#### 1. Background

For District Central Cooperative Banks (DCCBs), especially those with limited geographical coverage and operating in highly competitive rural banking markets, maintaining a high level of compliance is crucial for regulatory stability, institutional reputation, and member trust.

Karimnagar DCCB recognised that compliance performance was closely linked to operational discipline at both the branch and PACS levels. To strengthen this, in 2018, the bank introduced a Concurrent Inspection Policy supported by daily data vouching at PACS.

This was designed not only to meet NABARD compliance norms but also to create a culture of proactive monitoring and continuous improvement across the cooperative structure.

#### 2. Policy Intervention

##### i. Concurrent Inspection Policy Highlights

- a. Scope: Covers all DCCB branches and affiliated PACS, ensuring both tiers maintain uniform operational and compliance standards.
- b. Functional Areas: KYC compliance, loan disbursement and recovery, deposit mobilisation, investment operations, statutory returns, cash handling, and adherence to RBI/NABARD guidelines.
- c. Qualified Inspectors: Staff with 3–5 years of banking experience, preferably with prior inspection or compliance exposure, were deployed. Posting was done outside their own branch/PACS to ensure impartiality.
- d. Continuous Inspection: Shifted from periodic checks to ongoing concurrent inspections, enabling real-time detection and rectification of irregularities.
- e. Structured Reporting:
- f. Working papers maintained for each observation.
- g. Pre-submission discussions with branch/PACS to enable corrective action before final report submission.
- h. Consolidated inspection reports submitted to Head Office within 10 days.
- i. Follow-up Mechanism: Issues were to be rectified within 15 days, with unresolved cases escalated to the Inspection Committee.
- j. Capacity Building: Inspectors were trained regularly and encouraged to take professional certifications in inspection and risk management.

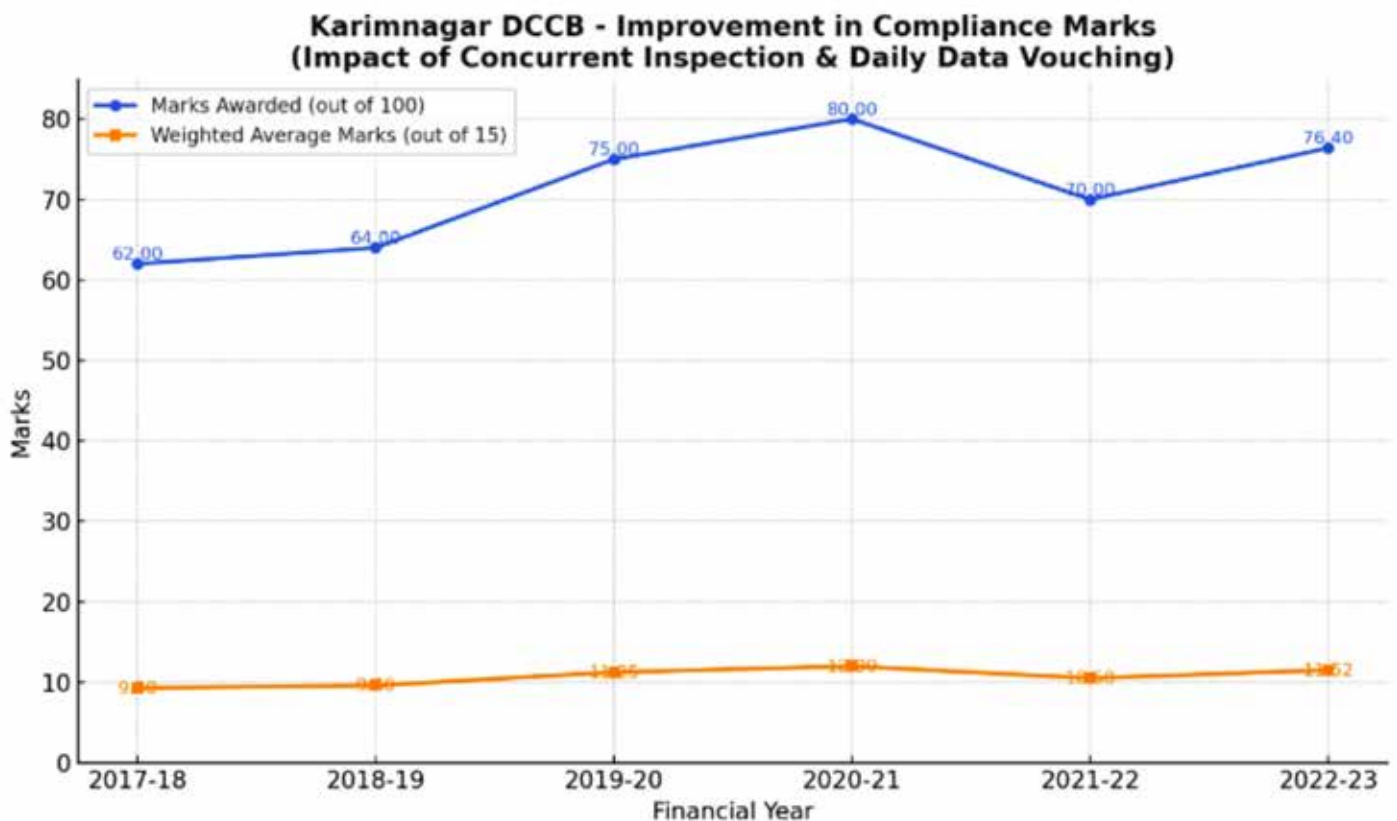
##### ii. Strengthened Internal Checks & Data Vouching at PACS

- a. To complement inspections, the bank introduced:
- b. Monthly internal inspections at PACS to check operational discipline and compliance with procedures.

- c. Daily transaction vouching at PACS, ensuring errors were detected and corrected promptly.
- d. Quarterly branch inspections for DCCB outlets, focusing on cash management, loan documentation, and deposit operations.
- e. Quarterly gold loan verifications to ensure pledged securities were intact and properly recorded.
- f. Instant feedback loops for both branches and PACS to address irregularities in real time.

### 3. Impact Assessment

- i. NABARD Compliance Rating (Marks Awarded)<sup>14</sup>



<sup>14</sup>Source : Karimnagar District Central Cooperative Bank, Karimnagar, Telangana)

#### ii. Key Observations and Insights

- a. Post-policy improvement: After introduction in FY 2018–19, compliance marks showed a consistent upward trend, peaking at 80.00 marks in FY 2020–21.
- b. Significant early gains: Between FY 2018–19 and FY 2019–20, there was a marked increase of 11 points, highlighting the effectiveness of the policy in its initial years.
- c. Pandemic effect: The dip in FY 2021–22 was attributed to COVID-19 disruptions, yet performance remained well above pre-policy levels.
- d. Impact across tiers: The initiative improved compliance discipline not only at PACS but also across DCCB branches, ensuring uniform operational standards.

#### 4. Lessons Learned

- i. Proactive Monitoring Improves Compliance
  - Moving from periodic to continuous inspections significantly reduced the lag between issue detection and resolution.
- ii. Two-Tier Coverage is Critical for DCCBs
  - Since PACS and branches are operationally interlinked, inspections had to cover both tiers for meaningful compliance improvement.
- iii. Daily Vouching Strengthens Accuracy
  - Transaction-level checks at PACS acted as an early-warning system for operational lapses.
- iv. Follow-up and Escalation Ensure Closure
  - Structured follow-up processes ensured that findings were not just noted but addressed and closed promptly.
- v. Compliance as a Competitive Advantage
  - For DCCBs facing competition from commercial banks in a small operational area, demonstrating superior compliance boosted stakeholder confidence.

#### Conclusion

The implementation of the Concurrent Inspection Policy along with daily transaction vouching at PACS has significantly improved NABARD compliance marks for Karimnagar DCCB. The structured, continuous, and tier-wide approach has created a sustainable monitoring framework, proving that compliance improvements at the PACS level amplify the overall performance of the DCCB.

For a rural cooperative bank, such initiatives not only meet regulatory requirements but also position the institution as a reliable and disciplined banking partner for its members.

## Standout Practice X

### Warangal District Central Co-operative Bank Ltd. (DCCB) – Strategic Efforts in Imbalance Reduction

#### 1. Background

The Warangal District Central Co-operative Bank Ltd. (DCCB) operates in a three-tier cooperative credit structure comprising the State Cooperative Bank (StCB), Warangal DCCB, and affiliated Primary Agricultural Cooperative Societies (PACS).

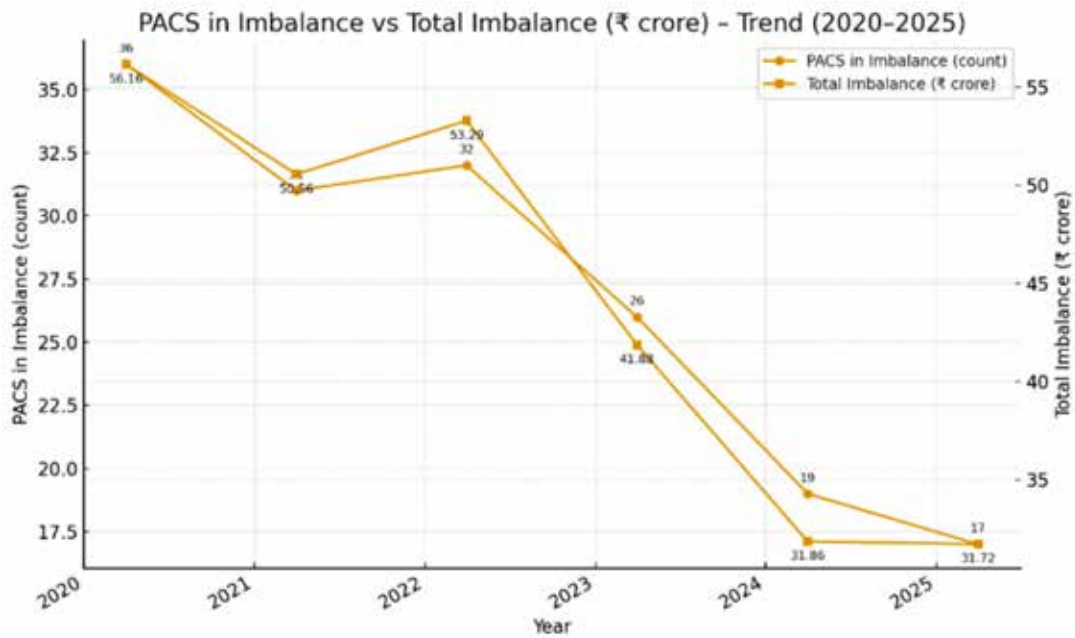
One of the major operational challenges faced by DCCBs across India, including Warangal DCCB, is “Imbalance” a financial strain that arises when PACS collect repayments and interest from only a subset of borrowers or use recovered funds to meet overheads beyond the permissible interest spread. This restricts liquidity, reduces borrowing eligibility, and hampers the cooperative’s ability to extend further credit.

#### 2. Understanding Imbalance

- i. Imbalance occurs primarily due to:
  - a. Partial Collections – Loan repayments and interest are collected from some members, while defaults remain unaddressed.
  - b. Diversion of Funds – PACS use collected funds to meet operational costs or non-credit expenses rather than remitting them to DCCB.
  - c. Overhead Surplus Utilization – Expenses surpassing the actual margin available, creating cash flow gaps.
- ii. Such imbalance directly impacts:
  - a. The borrowing capacity of PACS from the DCCB.
  - b. The overall liquidity of the cooperative system.
  - c. Compliance eligibility for further refinance.

#### 3. Imbalance Reduction Journey (2019–2025)<sup>15</sup>

Year	PACS in Imbalance	Total Imbalance (₹ crore)	Remarks
31-03-2020	36	56.16	High number and value of imbalances; systemic issue
31-03-2021	31	50.56	Initial recovery measures launched
31-03-2022	32	53.29	Slight increase due to pandemic impact
31-03-2023	26	41.88	Significant reduction due to targeted recovery
31-03-2024	19	31.86	Diversification-led income fuelling repayments
31-03-2025	17	31.72	53% reduction in PACS under imbalance



(<sup>15</sup>Source: ENSURE portal of NABARD and Warangal District Central Cooperative Bank, Warangal, Telangana)

- i. Overall Reduction:
  - a. PACS count reduced from 36 to 17 (53% improvement).
  - b. Imbalance amount reduced by ₹2,443.24 lakhs (~43.5%) over 5 years.

#### 4. Key Strategies Adopted by Warangal DCCB

- i. Targeted Recovery Drives
  - a. Regular monitoring of imbalance data by TG CAB.
  - b. Consistent follow-up with PACS via branch managers and Deputy Registrar's office.
  - c. Identification of chronic defaulting PACS and tailored repayment schedules.
- ii. Business Diversification at PACS Level
  - a. PACS expanded into revenue-generating activities:
    - Common Service Centres (CSC)
    - Multipurpose Storage & Marketing Godowns (MSC)
    - Petrol Pumps
    - Fertilizer & Seed Sales
    - Paddy Procurement & Commission Business
  - b. Profits from these ventures were redirected towards imbalance clearance.
- iii. Financial Literacy Campaigns
  - a. Conducted at village level to educate farmers on the benefits of regular repayments.
  - b. Linked credit discipline to improved credit limits and timely crop finance.

- iv. Regulatory & Administrative Support
  - a. Active involvement of Deputy Registrar to assist in recovery operations.
  - b. Periodic review meetings with PACS leadership to set repayment targets.
- v. Operational Monitoring
  - a. Monthly branch-wise imbalance reports generated.
  - b. Data-driven decision-making to focus recovery resources on high-impact PACS.

## 5. Impact

- i. Liquidity Enhancement: Reduced imbalance improved cash flow for both PACS and DCCB, increasing borrowing eligibility.
- ii. Credit Flow Stability: Timely repayments enabled uninterrupted seasonal agricultural operations (SAO) lending.
- iii. Operational Discipline: PACS adopted better internal cash management practices.
- iv. Systemic Strengthening: Strengthened the cooperative credit chain from PACS to DCCB to StCB.

## 6. Lessons Learned

- i. Diversification is Essential:
  - For DCCBs with limited geographical operation and high competition from commercial banks and microfinance institutions, diversifying PACS income streams is critical to building repayment capacity.
- ii. Integrated Monitoring:
  - Combining financial oversight with business development support yields sustainable results.
- iii. Member Engagement:
  - Educating members on the direct benefits of repayment compliance fosters a repayment culture.
- iv. Administrative Support:
  - Close coordination with regulatory offices enhances enforcement and compliance.

### Conclusion

The Warangal DCCB's focused and sustained approach to imbalance reduction has demonstrated how co-operative banks can address one of the most persistent operational challenges in the sector. By combining targeted recovery mechanisms, business diversification, regulatory collaboration, and capacity building, the bank not only reduced the number of PACS in imbalance by more than half but also brought down the imbalance amount by over 43% within five years.

For a DCCB with a restricted operational area and intense competition from commercial banks, microfinance institutions, and other financial service providers, such achievements are particularly noteworthy. They showcase that financial discipline, supported by income diversification and technology-driven monitoring, can lead to systemic stability, enhanced liquidity, and improved credit delivery. This case sets a benchmark for other cooperative institutions striving for operational efficiency and long-term sustainability.

## Standout Practice XI

### Impact of Branch Expansion by Warangal DCCB in Rural Areas

#### 1. Background

The Warangal District Central Cooperative Bank (DCCB) with a network of 32 branches (including the Head Office), caters to the financial needs of farmers, rural entrepreneurs, and cooperative institutions through a three-tier cooperative structure involving the Telangana State Cooperative Apex Bank (TGCAB) at the apex, the DCCB at the district level, and Primary Agricultural Cooperative Societies (PACS) at the grassroots.

In line with its vision of financial inclusion and rural outreach, Warangal DCCB has undertaken an aggressive branch expansion strategy during 2021–2024, focusing on rural market penetration and leveraging PACS infrastructure for cost efficiency.

#### 2. Branch Network Profile

- i. Total Branches: 32 (including Head Office)
- ii. Branches Opened 2021–2024: 13 (41% of total branch network) viz., Chityal, Dharmasagar, Etunagaram, Kesamudram, Kodakandla, Madikonda, Palakurthy, Parwathagiri, Inavole, Mogilicherla, Mulugu Ghanpur, Nallabelli and Tarigoppula
- iii. Location Focus: Rural areas, prioritising underbanked and unbanked villages.
- iv. Integration with PACS:
- v. 9 of the 13 new branches are housed within PACS premises.
- vi. Monthly rental paid to PACS: ₹25,000 per branch.
- vii. This arrangement enhances synergy between PACS and the DCCB, increasing footfall and cooperative visibility.

#### 3. Performance Contribution of New Branches (2021–2024)

The 13 newly opened rural branches have demonstrated strong early-stage performance, making a disproportionate contribution to the bank's business portfolio:

Metric	Share of 13 New Branches <sup>16</sup>
<b>Deposit Accounts</b>	13% of total DCCB accounts
<b>Deposit Amount</b>	15% of total DCCB deposits
<b>Borrower Accounts</b>	20% of total borrower base
<b>Loan Amount Outstanding</b>	25% of total loan portfolio
<b>Total Business (Deposits + Advances)</b>	22% of total
<b>Net Profit Contribution</b>	23% of total
<b>NPA Ratio</b>	0.09% (extremely low, indicating high asset quality)

(<sup>16</sup>Source: ENSURE, NABARD)

# BRANCH EXPANSION AND PERFORMANCE IMPACT



**32 Branches**  
**13 Branches Opened 2021-2024**



**9 OUT OF 13 NEW BRANCHES LOCATED WITHIN PACS PREMISES, MONTHLY RENT OF ₹25,000**

## PERFORMANCE CONTRIBUTION OF NEW BRANCHES



**DEPOSIT ACCOUNTS**



**DEPOSIT AMOUNT**



**LOAN AMOUNT**



**TOTAL BUSINESS**



**NET PROFIT**

## PACS CO-LOCATION BENEFITS



**LOWER CAPITAL EXPENDITURE**



**PROCURED CUSTOMER BASE**



**READY INFRASTRUCTURE**



**RURAL PENETRATION**

#### 4. Operational Advantages of PACS Co-Location

- i. The strategy of situating 9 branches within PACS premises has delivered several operational benefits:
  - a. Lower Capital Expenditure: Avoids the cost of land acquisition and building construction.
  - b. Customer Familiarity: PACS members are already familiar with the cooperative banking model, making account acquisition easier.
  - c. Shared Infrastructure: Utilities, security, and local logistics partially supported through PACS arrangements.
  - d. Rural Footprint: Immediate presence in agriculturally active regions with strong cooperative linkages.
  - e. Business Synergy: Seamless integration for credit delivery, deposit mobilisation, and recovery processes.

#### 5. Analysis of Branch-Level Data

- i. From the branch profile data provided (OSC 8.3), it is evident that Warangal DCCB's new rural branches (opened during 2021–2024) show:
  - a. Healthy Deposit Growth: With 15% contribution to total deposits despite being operational for a short duration.
  - b. High Credit Offtake: 25% of loans sourced from these branches, reflecting effective credit delivery in rural markets.
  - c. Low NPAs: At 0.09%, these branches outperform the bank's average NPA ratio, highlighting robust credit appraisal and recovery mechanisms.
  - d. Business Productivity: Average business per branch in this category is significantly above typical new branch benchmarks.

#### 6. Financial Impact

- i. Direct Impact
  - a. Additional deposit mobilisation and loan disbursement have strengthened the balance sheet.
- ii. Indirect Impact
  - a. Strengthened cooperative engagement with PACS, improving trust and brand recall.
  - b. Enhanced rural market intelligence feeding into product development and service design.

#### 7. Strategic Learnings

- i. Targeted Rural Expansion Works: Penetrating rural and semi-urban centres with cooperative support structures accelerates business growth.
- ii. Leveraging PACS Infrastructure Reduces Risk: Co-location ensures a steady customer base from inception.
- iii. Quality Over Quantity in Lending: The low NPA ratio validates the focus on prudent credit appraisal and monitoring.
- iv. Early Profitability Possible: Well-chosen branch locations can contribute positively to profits within a short operational timeframe.

## 8. Recommendations for Scaling

- i. **Expand PACS Co-Location Model:** Co-location model can be explored in other districts where cooperative networks are strong.
- ii. **Digital Banking Enablement:** Equip new rural branches with robust digital channels to serve both walk-in and remote customers.
- iii. **Financial Literacy Drives:** Partner with PACS to conduct awareness programmes to deepen member engagement.
- iv. **Agri-Value Chain Financing:** Introduce specialised loan products for farmers, SHGs, and rural entrepreneurs.

### Conclusion

The Warangal DCCB's branch expansion strategy (2021–2024) stands as a model of rural banking outreach in the cooperative sector. By opening 13 new branches in rural areas—9 of them in PACS premises—the bank has achieved rapid business growth, high profitability, and exceptional asset quality.

This approach demonstrates how cooperative banks can align infrastructure partnerships, local engagement, and prudent banking practices to create sustainable financial ecosystems in rural India.

## Standout Practice XII

### Strategic Loan Policy Document of Hyderabad DCCB

#### 1. Introduction

The Hyderabad District Central Cooperative Bank (HDCCB) has established itself as a progressive and compliant institution within the Telangana cooperative banking network by introducing a comprehensive State-of-the-Art Loan Policy Manual. This manual not only provides operational clarity but also ensures that credit delivery is customer-centric, risk-mitigated, and compliant with RBI (Reserve Bank of India), NABARD (National Bank for Agriculture and Rural Development), and RCS (Registrar of Cooperative Societies) guidelines.

The policy integrates modern credit risk management principles, sector-specific lending strategies, and technology-enabled monitoring systems, serving as both an operational handbook and a strategic guide for all branches.

#### 2. Objective of the Loan Policy Manual

- i. Standardise lending operations across all branches and units.
- ii. Enhance credit discipline while enabling need-based financing for cooperative members.
- iii. Promote financial inclusion in rural and semi-urban segments through simplified access to credit.
- iv. Strengthen risk mitigation and portfolio quality management.
- v. Ensure full regulatory compliance while keeping operational flexibility for innovation.

#### 3. Key Features – Detailed Overview

- i. Broad Credit Philosophy
  - a. Commitment to productive lending with emphasis on agriculture, allied activities, and rural enterprises.
  - b. Ensures sectoral balance by diversifying into agriculture, MSMEs (Micro, Small and Medium Enterprises), housing, and non-farm rural sectors.
  - c. Avoidance of speculative loans and over-concentration in high-risk sectors.
  - d. Encourages inclusive lending to women, youth, SHGs (Self-Help Groups), JLGs (Joint Liability Groups), and marginalised communities.
  - e. Incorporates Sustainability & ESG (Environmental, Social, Governance) principles in project evaluation.
- ii. Loan Product Coverage
  - a. Short-Term Loans (ST):
    - Crop loans under SAO (Seasonal Agricultural Operations) with flexible repayment linked to crop cycles.
    - Working capital for dairy, poultry, fisheries, and small businesses.

- b. Medium-Term Loans (MT):
    - Farm mechanisation, horticulture development, irrigation facilities, renewable energy for agriculture.
    - Support for artisan clusters and rural manufacturing units.
  - c. Long-Term Loans (LT):
    - Rural housing construction & repair.
    - Agri-infrastructure like warehouses, cold storage, grading & packing units.
  - d. Specialised Loans:
    - SHG/JLG loans with simplified documentation.
    - Education loans for rural students.
    - Gold loans with transparent valuation norms.
    - Emergency loans for disaster relief to members.
- iii. Eligibility and Appraisal Norms
- a. Eligibility:
    - Individuals, PACS (Primary Agricultural Credit Societies), cooperative societies, SHGs/JLGs, and registered entities with good repayment history.
  - b. KYC/AML/CFT Compliance:
    - Full adherence to RBI guidelines on Know Your Customer (KYC), Anti-Money Laundering (AML), and Countering the Financing of Terrorism (CFT).
  - c. Credit Appraisal:
    - Use of structured appraisal checklists for uniformity.
    - Assessment of borrower repayment capacity based on cash flow analysis, not just collateral.
    - For agriculture loans, alignment with scale of finance approved by DLTC (District Level Technical Committee).
    - For MSMEs, appraisal includes business feasibility, market demand, and debt-equity ratio.
- iv. Security and Collateral Requirements
- a. Clearly defined security norms per loan category:
    - Crop loans – typically hypothecation of crops.
    - MT/LT loans – mortgage of property or other tangible collateral.
    - SHG/JLG loans – often collateral-free with group guarantee.
  - b. Compliance with RBI guidelines for collateral-free loans up to ₹1.6 lakh (as on 31.03.2025) for eligible categories.
  - c. Adequate margin requirements to ensure borrower stake in the project.

- d. Flexibility to accept non-traditional collateral like warehouse receipts, fixed deposits, or insurance-backed securities.
- v. Delegation of Powers
  - a. Hierarchical Sanction Limits:
    - Branch Managers – empowered for small-ticket loans within prescribed limits.
    - Divisional Managers / AGMs – medium-ticket loans above branch limit.
    - Loan Sanction Committee at HO – large-value proposals and exceptions.
  - b. Checks & Balances:
    - Sanctioning authority is separate from disbursement authority to prevent conflict of interest.
    - All sanctions above a threshold require dual sign-off.
- vi. Loan Pricing and Interest Rate Policy
  - a. Interest rates determined using cost-plus methodology considering cost of funds, risk premium, and administrative expenses.
  - b. Differential rates for priority sector borrowers, with lower rates for women and prompt payers.
  - c. Rebate schemes for timely repayment, especially in agricultural loans.
  - d. Periodic review of rates to remain competitive and compliant with cooperative banking norms.
- vii. Monitoring and Recovery Mechanisms
  - a. Post-sanction monitoring through branch visits, utilisation checks, and end-use verification.
  - b. Deployment of Early Warning Signal (EWS) systems to identify stressed accounts.
  - c. Regular portfolio stress testing to assess sectoral risk.
  - d. Recovery strategy involves:
    - Pre-due-date reminders through SMS and calls.
    - Collaboration with PACS for on-ground recovery drives.
    - Use of SARFAESI Act provisions for eligible accounts.
- viii. Risk Management and Compliance
  - a. Annual policy review to incorporate regulatory changes and market trends.
  - b. Strict adherence to exposure norms, single/group borrower limits, and statutory liquidity norms.
  - c. Internal audits and compliance checks to ensure branch-level adherence to the manual.
  - d. Use of MIS (Management Information Systems) for real-time reporting to HO.

#### 4. Technology Integration

- i. Core Banking Solution (CBS) for loan lifecycle tracking.
- ii. Plans for Loan Origination System (LOS) to enable paperless sanctioning.
- iii. Data analytics for portfolio segmentation, delinquency tracking, and product profitability.

## 5. Outcomes and Impact

- i. Reduction in NPAs due to stricter appraisal and monitoring.
- ii. Increased credit outreach to underserved rural communities.
- iii. Enhanced customer satisfaction from faster processing and transparent terms.
- iv. Strengthened financial position through risk-adjusted lending growth.

### Conclusion

The Strategic Loan Policy Manual of Hyderabad District Central Cooperative Bank stands out as a model framework for cooperative banking in India. By integrating structured lending processes, clear functional guidelines, robust risk management, and regulatory compliance, the policy ensures that credit delivery is efficient, inclusive, and sustainable. Its emphasis on diversified loan products, transparent sanctioning, and technology-driven monitoring not only enhances portfolio quality but also strengthens customer trust.

This approach demonstrates that a cooperative bank, while operating in rural and semi-urban segments, can achieve financial stability, operational excellence, and social impact simultaneously. The manual thus serves as a benchmark practice for other District Central Cooperative Banks aiming to modernise their lending operations while preserving the cooperative ethos.

## Annexure I

### Details of Deposits in Karimnagar DCCB

(Amt. in ₹crore)

Period	FD		Savings		Current		Total Deposits		CASA		% CASA
	No. of A/Cs	Amt.	No. of A/Cs	Amt.	No. of A/Cs	Amt.	A/Cs	Amt.	A/Cs	Amt.	
31.03.2019	71753	953	512512	374	4079	62	588344	1389	516591	436	31%
30.06.2019	71658	990	519822	457	4174	42	595654	1489	523996	499	34%
30.09.2019	73887	1072	530901	394	4381	48	609169	1513	535282	441	29%
31.12.2019	74177	1075	541043	547	4507	40	619727	1662	545550	587	35%
31.03.2020	69620	1124	547620	469	4614	47	621854	1640	552234	516	31%
30.06.2020	74148	1172	556669	757	4677	56	635494	1984	561346	813	41%
30.09.2020	66744	1256	567491	508	4795	44	639030	1809	572286	553	31%
31.12.2020	69620	1254	547684	675	4617	46	621921	1976	552301	721	37%
31.03.2021	66868	1320	489465	505	4758	78	561091	1903	494223	583	31%
30.06.2021	NA	1310	568260	742	6560	61	-	2114	574820	804	38%
30.09.2021	NA	1333	583260	811	7611	54	-	2197	590871	865	39%
31.12.2021	85000	1324	517573	951	4997	44	607570	2319	522570	994	43%
31.03.2022	67178	1341	544275	839	4582	83	616035	2264	548857	922	41%
30.06.2022	65011	1320	540762	788	4055	50	609828	2158	544817	838	39%
30.09.2022	66711	1368	545762	643	5923	74	618396	2085	551685	717	34%
31.12.2022	68711	1468	547262	749	7584	48	623557	2265	554846	797	35%
31.03.2023	66374	1492	552470	685	4940	106	623784	2283	557410	790	35%
30.06.2023	68274	1510	552778	797	6020	69	627072	2377	558798	866	36%
30.09.2023	69908	1553	562782	689	6051	69	638741	2312	568833	758	33%
31.12.2023	67007	1591	571164	792	5142	75	643313	2458	576306	867	35%
31.03.2024	70307	1693	591583	720	5054	116	666944	2529	596637	836	33%



