

A study of Telangana state cooperative apex bank functional approach and performance

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Abstract: *Telangana State Co-operative Apex Bank, as a leader of the Co-operative Credit Structure (CCS) in the Telangana State, provides leadership and refinance support to the (9) DCCBs affiliated to it, to fulfil the objective of making available timely and adequate credit facilities to the farmers and other rural population of the State, through PACS (799) affiliated to the DCCBs. Primary Agriculture Co-operative Credit Societies (PACS) located in all Mandal Headquarters and major villages of Telangana State. 9 District Co-operative Central Banks covering 33 districts with 363 branches located in District Head Quarters and small towns. The Apex Bank is providing Agricultural Investment Credit through its member DCCBs and PACS to the farmers in the State for asset creation, increasing their income generation capacity and accelerating rural development. Finance is provided by the DCCBs under Self Help Groups (SHGs). The bank sanctioned cash credit limits to the Primary Handloom Weaver Societies in the State through the DCCBs. Refinance limits to DCCBs of Telangana region under Non-Agriculture Gold Loans. The Telangana State Co-operative Apex Bank Ltd., is owning a Co-operative Training Institute (TSCAB-CTI) located at Rajendranagar providing comprehensive training both in the Short Term and Long-Term credit, Non-Credit and Banking activities and Computer Training encompassing the whole gamut of working of PACS, DCCBs. Telangana State Cooperative Apex Bank (TSCAB) is pioneering in reaching benefits of Technology Innovations to the doorsteps of rural people. Since inspection on 02.04.2015, TSCAB is marching towards progress in all aspects. The Bank has taken many initiatives for betterment of the Cooperative Credit Structure in the State. Further, the bank is working towards its vision and also the State Government vision of Bangaru Telangana (Golden Telangana).*

Keywords: *Co-operative Credit Structure (CCS), Telangana State Cooperative Apex Bank (TSCAB), District Central Co-Operative Banks (DCCBs), Primary Agriculture Co-operative Credit Societies (PACS).*

1. INTRODUCTION:

The Hyderabad Co-operative Apex Bank Limited, Hyderabad and the Andhra State Co-operative Bank Limited were merged in the year 1963 and formed into The Andhra Pradesh State Co-operative Bank Limited (APCAB), with Head Office at Hyderabad. Consequent to decision taken by the government for implementation of Single Window Credit Delivery System for delivering both investment and production credit for agriculture through single agency, the Andhra Pradesh Co-operative Central Agricultural Development Bank Limited (APCCADB), which was catering to the needs of Long Term Investment Credit in the then State of Andhra Pradesh, was merged with the APCAB, during the year 1994 for providing both Short Term and Long Term through the APCAB / DCCBs / PACS.

2. OBJECTIVES:

- ✚ To study Genesis of the apex bank and functions of the TSCAB
- ✚ To explain Governance of the bank and network of the TSCAB
- ✚ To analyze Services of the bank and financial particulars of the TSCAB
- ✚ To elaborate other important activities of the TSCAB

3. METHODOLOGY AND DATA BASE:

The proposed study method is inductive and deductive methodology on the basis of secondary data. The secondary data were collected from the annual reports of various cooperative organizations such as Ministry of cooperatives, agriculture and rural development, Department Of Cooperation Government Of Telangana, Regional Directorate: National Cooperative Development Corporation Hyderabad, Telangana State Cooperative Union Ltd, Registrar Of Cooperative Societies Telangana, and Co-Operative Societies annual reports and financial literature and



published articles on the related aspects several surveys, prescribed working papers, eminent books, reputed journals and internet. The present study is purely prepared by discussion, qualitative and quantitative analysis.

4. ANALYSIS AND DISCUSSION:

Genesis of apex bank:

Consequent to the reorganization of the State of Andhra Pradesh and formation of a new State of Telangana in 2014, APCAB is reorganized / reconstituted into two State Co-operative Banks, viz., Telangana State Co-operative Apex Bank Limited (Apex Bank) and the residual APCAB, catering to the needs of Telangana and the residual Andhra Pradesh respectively. Both the SCBs started working independently from 2nd April, 2015. Telangana State Co-operative Apex Bank Limited, Hyderabad is registered under State Cooperative Societies Act on 26.03.2015 (Registration No.TAB.321) and commenced its business from 2nd April, 2015 onwards.

Functions of the bank:

The Bank, as a leader of the Co-operative Credit Structure (CCS) in the Telangana State, provides leadership and refinance support to the (9) District Central Co-Operative Banks (DCCBs) affiliated to it, to fulfill the objective of making available timely and adequate credit facilities to the farmers and other rural population of the State, through PACS affiliated to the DCCBs. As an Apex Bank, TSCAB acts as a balancing center for the resources of the Co-operatives in the State and also investment agency for DCCBs. The Apex Bank is the Nodal Agency for channelization of funds from NABARD to DCCBs and farmers through PACS.

The Apex Bank provides support to the DCCBs in their business operations and in implementation of various programs of the Government of Telangana. Further, Apex Bank supervises, inspects, guides and assists in the matters of HRD, Information and Communication Technology, Systems & Procedures, etc., for overall development of the CCS in the State.

Governance of the bank:

i). The Board of Management of the Bank consists of the following members:

1. Presidents of all (9) District Co-operative Central Banks (DCCBs).
2. Commissioner for Co-operation and Registrar of Co-operative Societies, Telangana State.
3. Chief General Manager, NABARD, R.O., Hyderabad (Special Invitee).
4. Managing Director, Apex Bank (ex-officio member).
5. Two Co-opted Professional Directors (as per Bye-law No. 21).

The General Body of the Bank consists of (9) DCCBs represented by the Presidents of DCCBs and Commissioner for Co-operation & Registrar of Coop. Societies as State Govt. Nominee.

Network of the bank:

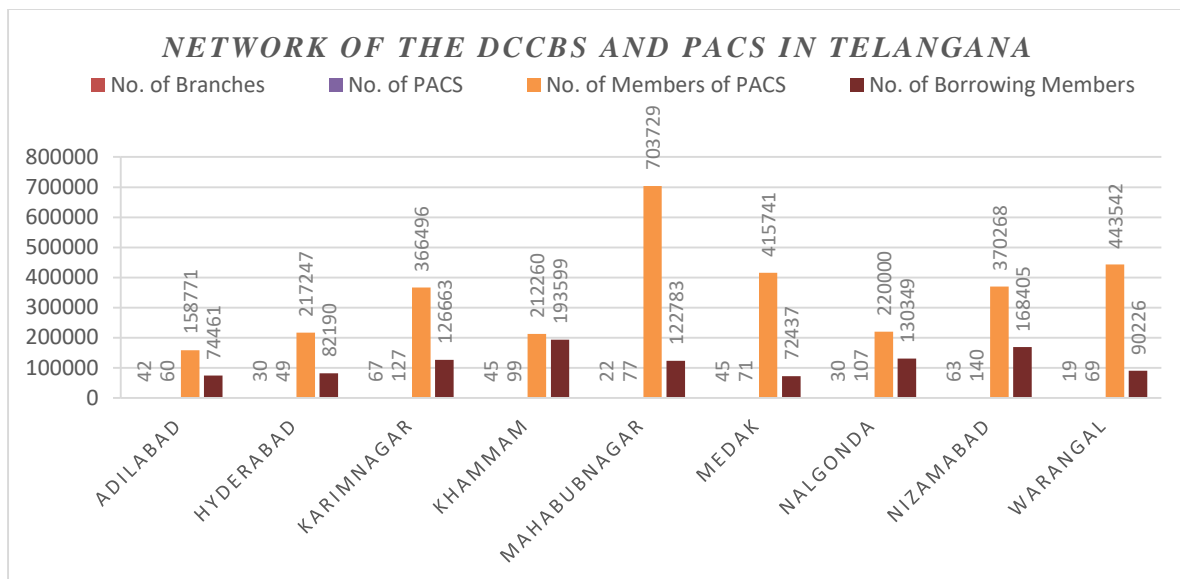
i). The CCS has a wide network in Telangana State as under:

799 Primary Agriculture Co-operative Credit Societies (PACS) located in all Mandal Headquarters and major villages of Telangana State. 9 District Co-operative Central Banks (covering 33 districts) with 363 branches located in District Head Quarters and small towns. TSCAB has 42 Branches, 36 ATMs, 1 Mobile ATM and 5 ATMs in Metro Stations in the twin cities of Hyderabad and Secunderabad.

ii). The details of network of the DCCBs and PACS in Telangana State is as under:

Sl.No.	Name of the DCCB	No. of Branches	No. of PACS	No. of Members of PACS	No. of Borrowing Members
01	Adilabad	42	60	158771	74461
02	Hyderabad	30	49	217247	82190
03	Karimnagar	67	127	366496	126663
04	Khammam	45	99	212260	193599
05	Mahabubnagar	22	77	703729	122783
06	Medak	45	71	415741	72437
07	Nalgonda	30	107	220000	130349
08	Nizamabad	63	140	370268	168405
09	Warangal	19	69	443542	90226
TOTAL		363	799	3108054	1061413

(Source: TSCAB)



Services of the bank:

The Bank is providing all banking services on par with commercial banks to its clients through its network of 42 branches and 36 ATMs, 1 Mobile ATM and 5 ATMs in Metro Stations. The Bank accepts various types of deposits which are insured with Deposit Insurance & Credit Guarantee Corporation. The Apex Bank is extending various retail loans viz., Gold loans, Personal loans, Vehicle loans, Housing loans, SME loans, etc., through its branches.

The Apex Bank is providing crop loans for crop production, long term loans for capital investment in Agriculture and allied activities through the DCCBs and PACS and also loans to Weavers Societies, Employees Coop. Credit Societies as also credit to Apex Coop. institutions in the State.

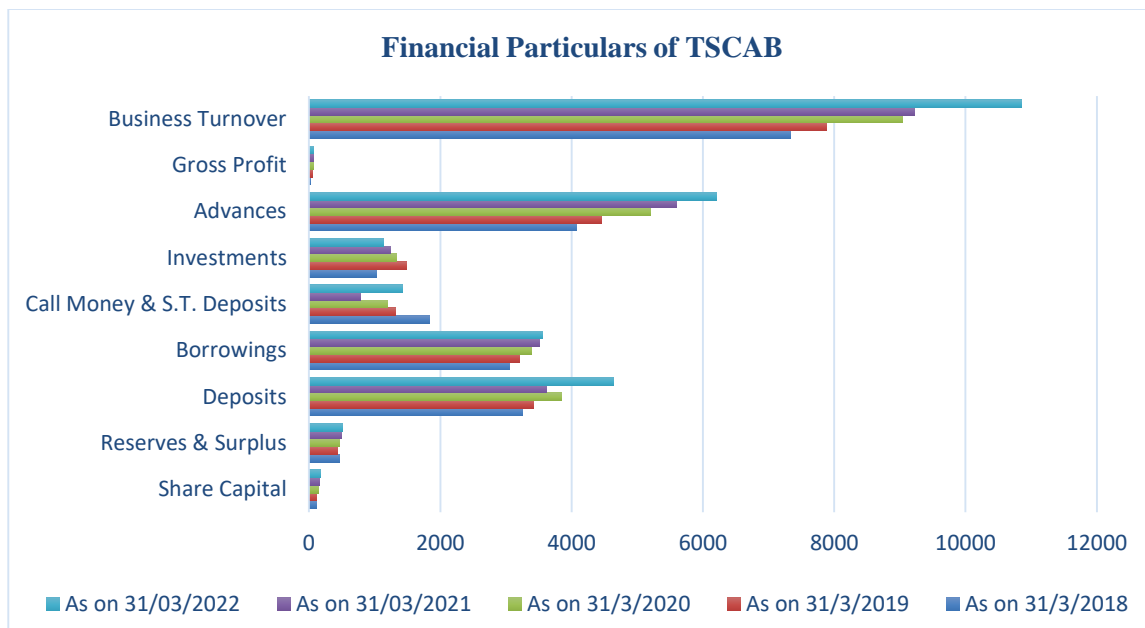
Financial particulars of TSCAB:

i). *Financial Particulars of TSCAB are as under:*

(Rs. in Crores)

	As on 31/3/2018	As on 31/3/2019	As on 31/3/2020	As on 31/03/2021	As on 31/03/2022
Share Capital	109.27	120.48	144.10	157.30	171.99
Reserves & Surplus	472.48	432.47	466.00	499.72	508.52
Deposits	3252.41	3424.38	3851.25	3622.26	4644.89
Borrowings	3055.37	3202.04	3388.92	3501.99	3564.32
Call Money & S.T. Deposits	1834.99	1320.89	1198.25	779.00	1433.00
Investments	1030.35	1492.61	1328.66	1243.22	1135.42
Advances	4080.28	4457.90	5195.75	5597.06	6202.83
Gross NPAs %	0.39%	0.36%	0.24%	0.22%	0.17%
Gross Profit	28.60	59.07	66.97	64.02	71.81
Business Turnover	7332.69	7882.28	9047.00	9219.32	10847.72

(Source: TSCAB)



ii). Credit Services:

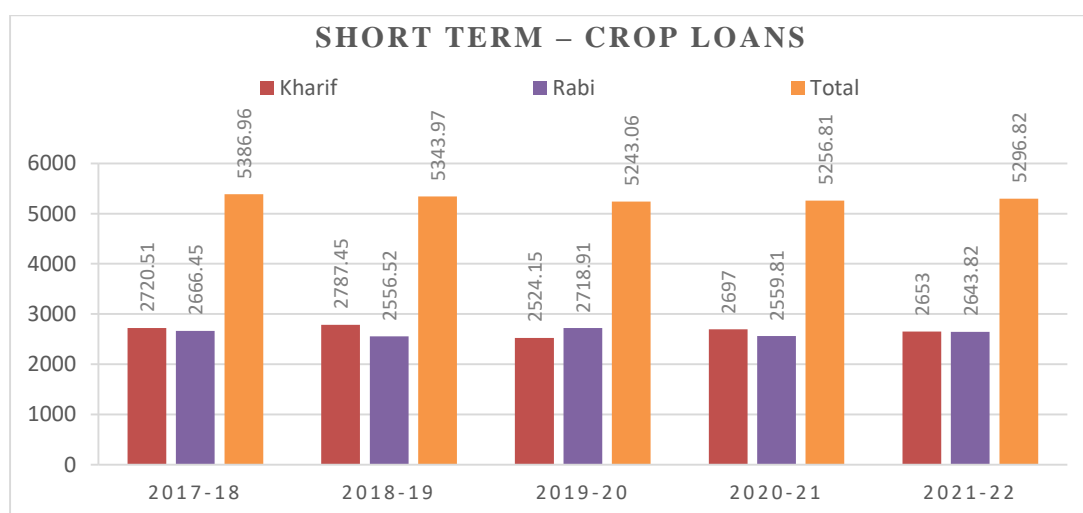
a). Short Term – Crop Loans

The details of crop loans issued by the DCCBs/PACS in the State for the last 5 years and 2021-22 on going are as follows:

(Rs. in Crores)

Year of disbursement	2017-18	2018-19	2019-20	2020-21	2021-22
Kharif	2720.51	2787.45	2524.15	2697.00	2653.00
Rabi	2666.45	2556.52	2718.91	2559.81	2643.82
Total	5386.96	5343.97	5243.06	5256.81	5296.82

(Source: TSCAB)



b). Long Term (Investment) Credit

The Apex Bank is providing Agricultural Investment Credit through its member DCCBs and PACS to the farmers in the State for asset creation, increasing their income generation capacity and accelerating rural development.

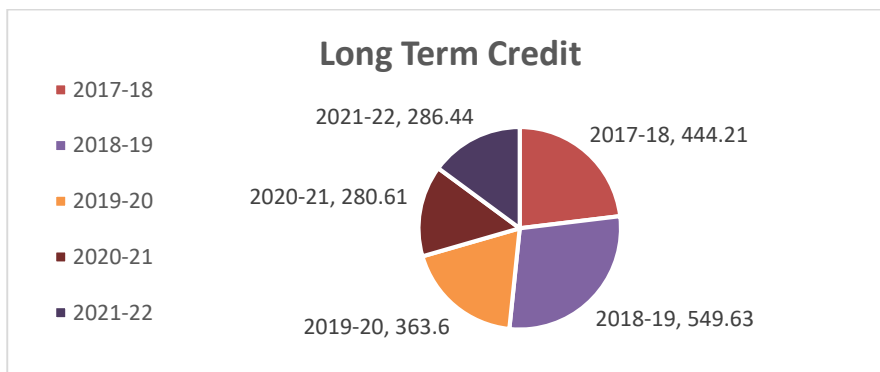
The major purposes which are financed by Apex Bank under investment credit are Farm Mechanization, Minor Irrigation, Land Development, Plantation and Horticulture, Dairy, Poultry, Sheep / Goat / Piggery etc.

The disbursements made under Investment Credit by the DCCBs in the State for the last 5 years and 2021-22 on going are as under:

(Rs. in Crores)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Amount	444.21	549.63	363.60	280.61	286.44

(Source: TSCAB)



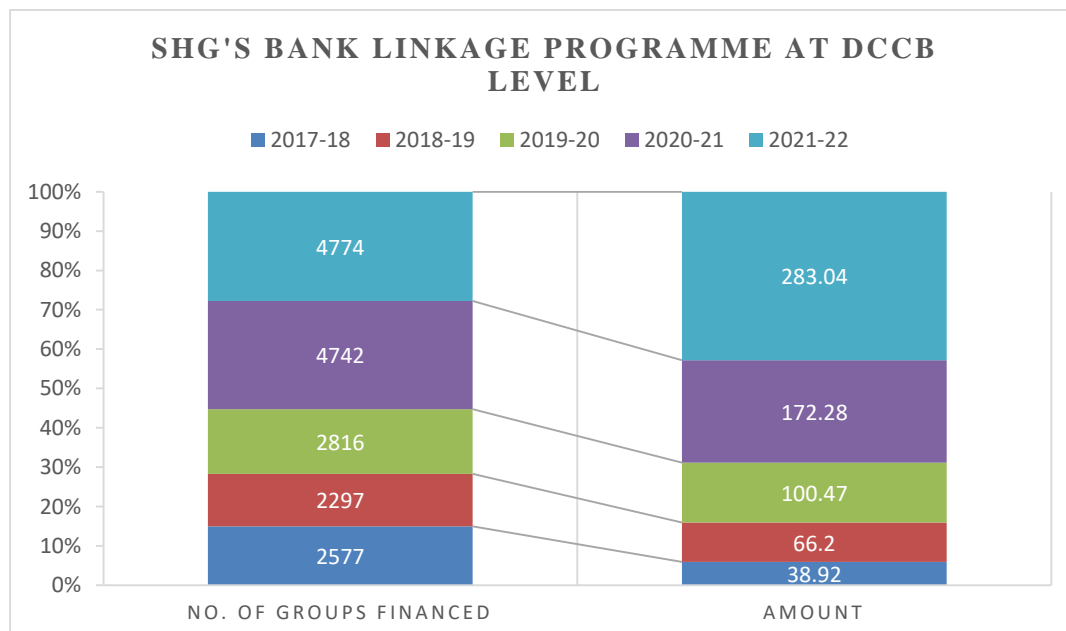
c) Financing under SHGs Bank Linkage Programme at DCCB level

Finance is provided by the DCCBs under Self Help Groups (SHGs). The progress in the State for the last 5 years and 2021-22 on going is as under:

(Rs. in Crores)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
No. of groups financed	2577	2297	2816	4742	4774
Amount	38.92	66.20	100.47	172.28	283.04

(Source: TSCAB)



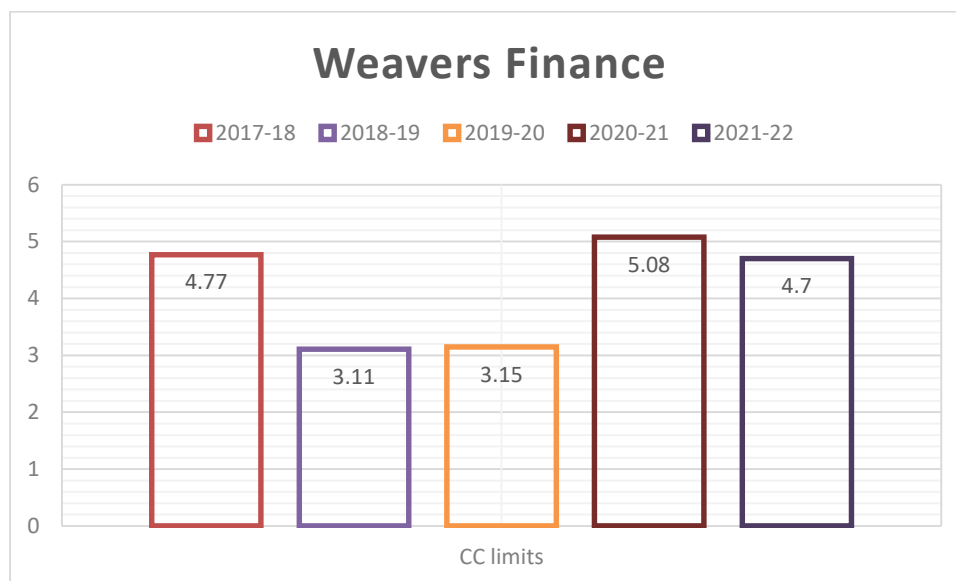
d). Weavers Finance

The bank sanctioned cash credit limits to the Primary Handloom Weaver Societies in the State through the DCCBs and the details for last 5 years and 2021-22 on going are as under:

(Rs. In Crores)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
CC limits	4.77	3.11	3.15	5.08	4.70

(Source: TSCAB)



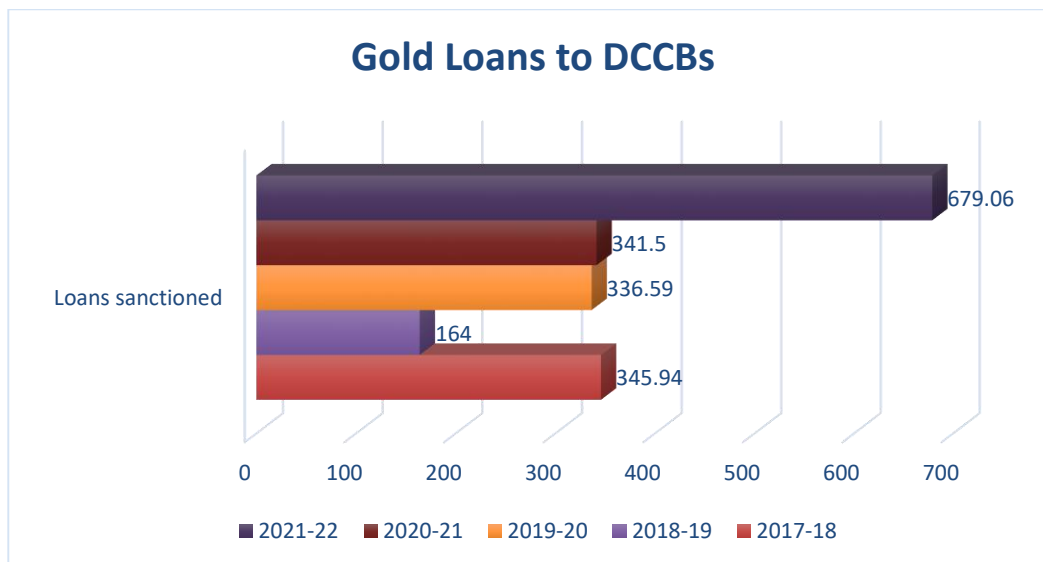
e). Gold Loans to DCCBs

Refinance limits to DCCBs of Telangana region under Non-Agrl. Gold Loans for last 5 years and 2021-22 on going are given below:

(Rs. in Crores)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Loans sanctioned	345.94	164.00	336.59	341.50	679.06

(Source: TSCAB)



Other Important Activities

i). Conversion of PACS into Multi Service Centers (MSCs):

Under NABARDs new initiative, we have taken up, the scheme of transforming the PACS into MSCs by providing financial support for developing the PACS into “One Stop Shop” with all types of products and services, particularly in the areas of input distribution, warehousing and marketing services, to make them viable and strong self-sustainable business entities.

NABARD provides financial support and other forms of support under its Producers Organization Development Fund (PODF).

ii). CCB Development Fund

The Apex Bank is also supporting several developmental initiatives of the DCCBs and PACS through various development funds created out of its annual profits, besides paying dividend to its shareholders.

During the year 2021-2022, an amount of Rs. 3,39,37,877.78/- grant support released to DCCBs towards infrastructure to PACS and DCCBs from CCB Development Fund.

iii). Contribution to CM Relief Fund towards COVID-19

TSCAB along with DCCBs and PACS has contributed an amount of Rs.1, 76, 36,301/- to CM Relief fund to support/strengthen the State Government activities towards controlling the COVID-19 virus.

Co-Operative Training Institute (CTI)

The Telangana State Co-operative Apex Bank Ltd., is owning a Co- operative Training Institute (TSCAB-CTI) located at Rajendranagar providing comprehensive training both in the Short Term and Long-Term credit, Non- Credit and Banking activities and Computer Training encompassing the whole gamut of working of PACS, DCCBs and State Co-operative Bank.

The Institute has emerged as a Premier Cooperative Training Institute in the State for Human Resources Development in the Co-operative Sector for integrated rural development.

i). ISO 9001:2008 Certification

The Institute is an ISO 9001:2008 Certified organization and is committed to comply with the requirement of international standards on Quality Management System.

ii). Accreditation by C-PEC, BIRD, Lucknow

The Institute is accredited by the Centre for Professional Excellence in Cooperatives, BIRD, Lucknow to promote professional excellence in Cooperative Credit Structure.

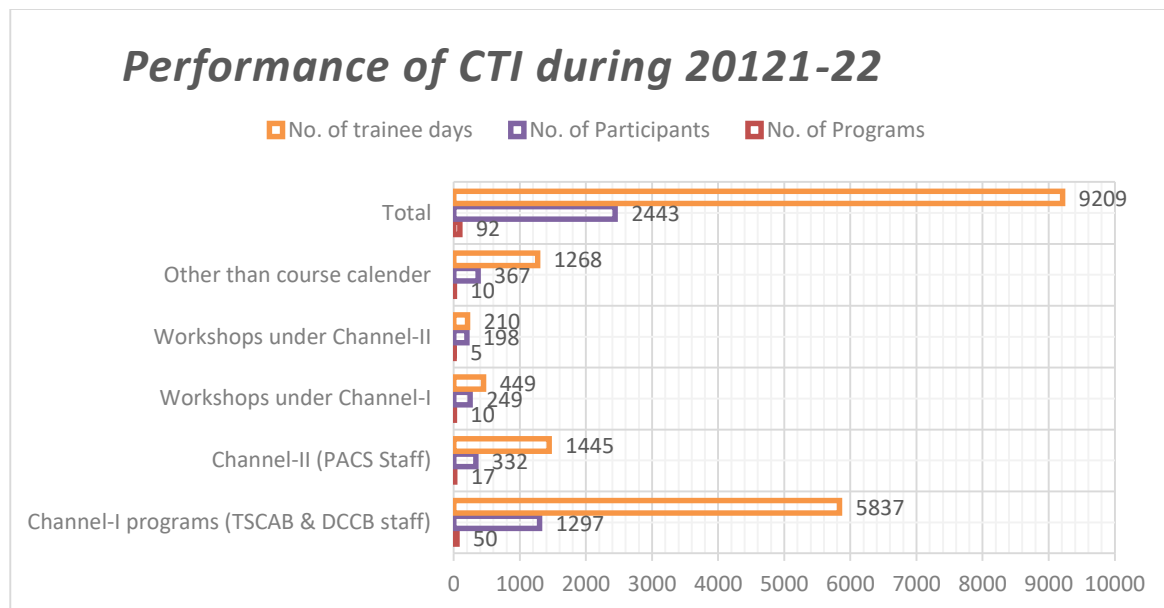
iii). Infrastructure

Training Institute is located in ICT complex at Rajendranagar, near NIRD and APARD, spread over a sprawling area of 2.5 acres, having 6 modern training halls. The institute is equipped with an auditorium and full-fledged hostel accommodation. The sessions are handled by well qualified and highly experienced faculty members

iv). Performance of CTI during 2021-22:

Particulars	No. of Programs	No. of Participants	No. of trainee days
Channel-I programs (TSCAB & DCCB staff)	50	1297	5837
Channel-II (PACS Staff)	17	332	1445
Workshops under Channel-I	10	249	449
Workshops under Channel-II	05	198	210
Other than course calendar	10	367	1268
Total	92	2443	9209

(Source: TSCAB)



5. SUMMARY AND CONCLUSION:

i). TSCAB resource and facilities efficiency

- ✚ Gross NPA is 0.22% being the lowest after formation of the bank.
- ✚ It is noteworthy that almost all the Key Financial Indicators have shown a growing trend since the Inception of the Bank and the Net NPA is being maintained at 0% quite judiciously.
- ✚ TSCAB introduced HRMS Portal which contains complete profile of the Staff members.
- ✚ Facilitates easy application of leaves of any kind mitigating the use of large volume of paper.
- ✚ Enables generation of various reports on leaves applied by the staff members facilitating the task of making alternate arrangements effectively.
- ✚ Linked to the Biometric Attendance Device on account of which it has become easier to generate daily attendance reports indicating the in- time / out-time of the employees.
- ✚ Effective monitoring of attendance of staff members thereby imbuing a sense of discipline among the staff members.
- ✚ The impact on employees on account of introduction of HRMS Portal was immense and there was considerable improvement in self-discipline among the staff members while applying leaves, besides reducing volume of paper consumed, considerably.
- ✚ Portal also enables the movements and whereabouts of the staff members.
- ✚ Recording of work diary in HRMS portal by the staff of the cadre of SAs to AGMs, the analysis of which enables the HRD to assure whether a Branch/Dept. is overstaffed (or) understaffed.
- ✚ Keeping in view of the Security risks in Banks, TSCAB has implemented Electronic Security System with Centralized CCTVs, Fire Alarm Systems and Access Control with issuing HID (High Security) Cards to all the employees and Visitors.
- ✚ Annual Performance Appraisal Report (APAR) formats were revised for all Officers/Employees as per the recommendations of Amalorpavanathan Committee.
- ✚ TSCAB is the first State Cooperative Bank in the country to issue Rupay Platinum Cards. The Bank has started issuance from 29-01-2018 and as on 31.03.2020 TSCAB issued 16,449 cards.
- ✚ The Greater Hyderabad Municipal Corporation (GHMC) developed GHMC Mosquito Application to bring awareness in the public to control the growth of Mosquitoes in the city and the diseases caused by the Mosquitoes. They have run a contest through questions in the application. GHMC provided a Gift amount of Rs.10, 000/- each to 10 winners selected monthly on random basis. Telangana State Cooperative Apex Bank Ltd., under Corporate Social Responsibility sponsored the amount to the winners of this contest for the month of July, 2018. The gift cheques were distributed to the winners of the contest for the month of July, 2018 by Dr. B. Janardhan Reddy, Commissioner, GHMC in the event conducted in the bank's premises on 21-08-2018.
- ✚ **CKYC:** CKYC module has been implemented in the Bank from 01st Jan, 2019 and a total of 35,542 records were uploaded with CERSAI as on 31.03.2020.

- ✦ **Mobile Banking:** APEX Bank has implemented mobile Banking from October 2016 onwards, and further four DCCBs namely Karimnagar, Khammam, Nizamabad and Medak have obtained Mobile Banking licenses and live in intra bank transactions.
- ✦ **IMPS:** APEX Bank has implemented IMPS from 06.04.2017 and about 32,668 customers have registered for Mobile Banking/IMPS services as on 31.03.2020.
- ✦ **Unified Payment Interface (UPI):** Apex Bank has soft-launched Unified Payment Interface (UPI) services to its customers from 01.08.2018. Currently UPI facility can be availed through customized UPI facilitating apps like Phone Pe, Paytm, Google pay etc.
- ✦ **Aadhar Enabled Payment System (AEPS) & e-KYC:** The Bank has completed Pre-requisites to launch AePS and e-KYC services to its customers and required documentation with UIDAI is completed. We are expecting to go live for AePS services by the end of December 2019.
- ✦ **PFMS:** TSCAB has been on-boarded onto PFMS platform along with 9 DCCBs. All the incentives of the Government Schemes are being directly credited to the customers' accounts.
- ✦ **Direct Membership:** The APEX Bank is live for the Direct Membership on NFS. APEX Bank is in the process of Joining DCCBs and is contemplating to include other CUBs as Sub-Members.
- ✦ **Bharat Bill Payment Service (BBPS):** APEX Bank has applied with RBI for acquirer license for extending BBPS services to its customers. In future these services will be extended to the entire state through its 9 DCCBs.
- ✦ **Prepaid Payment Instrument services:** Apex Bank has applied with RBI for obtaining Prepaid Payment Instrument license for extending services like National FAST-tag to its customers, a device developed by the NPCI through its program called National Electronic Toll Collection.
- ✦ **Merchant Acquiring License:** With a view to get ready for entering into credit card business of our own or co-branding arrangement with other banks APEX bank has applied for Merchant Acquiring License with RBI.
- ✦ **CTS Clearing:** Now CTS operations of all the DCCBs in the State have been brought under TSCAB sponsorship.
- ✦ Green Pin facility for all the Rupay Cards in TSCAB and all the DCCBs has been implemented recently.
- ✦ TSCAB launched "Internet Banking with "View only" facility on 18.02.2019.

ii). TSCAB in Technology

- ✦ Telangana State Cooperative Apex Bank (TSCAB) is pioneering in reaching benefits of Technology Innovations to the doorsteps of rural people.
- ✦ In addition to Digitising the data and automating the Transaction processing of Primary Agriculture Cooperative Societies in the State of Telangana which has achieved the much needed transparency and accountability at Primary level, now launched a New initiative "Technology Umbrella for Cooperatives" *
- ✦ TSCAB Technology Excellence Centre (TTEC)* is managing the Core Banking Applications, 200+ ATMS, 9 Mobile ATMS, 1125 Micro ATMS, all Digital channels, all payment systems, Transaction Processing, IS Audits, Data Centers, Disaster Recovery Centres and guiding all the DCCBs in Information/Cyber Security related matters.
- ✦ All the DCCBs and respective branches have been provided with independent e-mail services with their domains. Ex: JagityalBr@karimnagardccb.org
- ✦ All the DCCB's HO and branch systems brought under their domain controller specific to each DCCB registered DNS and implemented all domain related policies.
- ✦ We have initiated process to centralise all NPCI NFS operations into the TSCAB Sponsorship.
- ✦ **Cyber security Operations Centre (C-SOC):** C-SOC is being launched in TSCAB in October 2019, which has the capability to meet the C-SOC requirements of at least 200 Cooperative Institutions, which can be scaled up subsequently.

iii). Best Performance Awards:

- ✦ For the year 2015-16, Karimnagar DCCB was adjudged by NAFSCOB as **Second Prize Winner** for "Overall Best Performance" among the DCCBs in the Country. Managing Director of the Bank received the Best Performance Employee of the State Award for the year 2016-17 from the Government of Telangana and felicitated by Sri k. Chandrasekhar Rao, Hon'ble Chief Minister of Telangana State on Telangana Formation Day i.e., on 2nd June 2017.
- ✦ For the year 2016-17, Telangana State Cooperative Apex Bank Ltd (Apex Bank) was adjudged by NAFSCOB as Winner of the **First Prize** for "Overall Best Performance" among the SCBs in three tire structure in the Country. Karimnagar DCCB was adjudged as **Second Prize Winner** for "Overall Best Performance" among

the DCCBs in the country, PACS Tadlarampur (affiliated to DCCB Nizamabad) was adjudged as **First Prize Winner for “Subhash Yadav Award for the Best Performing PACS”** among PACS in the country.

- ✚ For the year 2017-18, Telangana State Cooperative Apex Bank Ltd (Apex Bank) was adjudged by NAFSCOB as Winner of the **First Prize** for “Overall Best Performance” among the SCBs in three tier structure in the Country consecutively for the second year. Karimnagar DCCB was adjudged as **Second Prize Winner** for “Overall Best Performance” among the DCCBs in the country, PACS Choppadandi (affiliated to DCCB Karimnagar) was adjudged as **First Prize Winner for “Subhash Yadav Award for the Best Performing PACS”** among PACS in the country and TSCAB-CTI was adjudged as **Third Prize Winner** for Best Performance among the Agricultural Cooperative Staff Training Institutes (ACSTI) in the country. The Awards were presented during the NAFSCOB Board Meeting convened in Hyderabad.
- ✚ Winning awards for best performance at All India level by all the 3 tiers of the Cooperative Credit Structure consecutively for the second year and by CTI in the same year shows the vibrancy with which the Cooperative Institutions are functioning in the State.
- ✚ Dr. Nethi Muralidhar, Managing Director, Apex Bank (TSCAB) bags Best Managing Director Award at National level. The Banking Frontier magazine is presenting awards to the best performing Banks at National level in various categories every year. For the financial year 2018-19, Dr. Nethi Muralidhar has bagged Best Managing Director award in State cooperative banks category.
- ✚ Further, Apex bank has also bagged awards in Best HR Innovation and Technology excellence categories. Bagging three awards out of 300+ nominations is first of its kind. The awards were presented by Sri Govind Gaude (Hon^{ble} Minister for Co-operation, Govt. of Goa) on 19 September 2019 at Goa.

Since inspection on 02.04.2015, TSCAB is marching towards progress in all aspects. The Bank has taken many initiatives for betterment of the Cooperative Credit Structure in the State. Further, the bank is working towards its vision and also the State Government vision of Bangaru Telangana (Golden Telangana).

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