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RESEARCH ARTICLE

PERFORMANCE ANALYSIS OF STATE COOPERATIVE BANKS IN INDIA (2012-13 TO 2022-23): TRENDS, CHALLENGES, AND OPPORTUNITIES

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Abstract

This article examines the financial performance and growth trajectory of State Cooperative Banks (SCBs) in India from 2012-13 to 2022-23, focusing on key indicators such as deposits, loans, borrowings, investments, and working capital. The study highlights the significant growth in these areas, driven by increased member engagement and trust. However, opportunities for further improvement remain, particularly in the areas of deposit mobilization, loan management, and investment diversification. SCBs can capitalize on these opportunities by introducing targeted savings products for rural populations, expanding digital banking services, implementing advanced risk management practices, and optimizing working capital. The study also emphasizes the need for SCBs to expand their network into underserved rural areas, leveraging technology for financial inclusion. By addressing these growth opportunities and challenges, SCBs can enhance their operational efficiency, financial stability, and contribution to rural development.

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Introduction:-

State Cooperative Banks (SCBs) have been integral to India's cooperative banking framework, playing a critical role in promoting financial inclusion, especially in rural areas. These banks serve as vital financial intermediaries, offering a range of banking services, including deposit mobilization, credit disbursement, and investment opportunities. Their unique structure, grounded in cooperative principles, allows them to cater to the needs of small farmers, rural artisans, and other underserved segments of the population. Over the last decade, SCBs have faced both opportunities for expansion and challenges related to financial stability and operational efficiency.

This article aims to provide a comprehensive analysis of the performance of SCBs in India over the ten-year period from 2012-13 to 2022-23. By examining key financial indicators such as deposits, loans, borrowings, cost of management, and loan overdue, this study seeks to shed light on the overall health and trajectory of these institutions. The significant fluctuations in cost management, loan recovery, and membership growth during this period suggest both challenges and areas for improvement, which are crucial for the sustainability of SCBs in a highly competitive financial sector.

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Literature Review:-

The role of cooperative banks in promoting rural development and financial inclusion has been widely recognized in both academic and policy discourse. Over the years, cooperative banks, especially State Cooperative Banks (SCBs), have played a vital role in addressing the credit needs of rural and agricultural communities.

However, their financial performance, operational efficiency, and sustainability have varied significantly across regions and time periods, raising concerns about their long-term viability (Sharma & Verma, 2017). Cooperative banks were established with the primary aim of fostering rural development and providing financial services to the underserved sections of society (Patil & Dinesh, 2016). According to Mehta (2019), SCBs form the backbone of the cooperative credit structure in India and play an essential role in supporting primary agricultural credit societies (PACS) and District Cooperative Banks (DCCBs). These institutions operate based on the cooperative principle of shared ownership, which allows for greater community involvement but also presents unique governance challenges (Shankar, 2020).

The financial performance of SCBs has been extensively studied, with a particular focus on their deposit mobilization, lending practices, and profitability. Singh and Kaur (2018) analysed the growth in deposits and loans issued by SCBs, noting a steady increase in both over the past decade. However, the authors pointed out that rising costs of management and inefficiencies in loan recovery have hindered the profitability of many SCBs. This has been corroborated by Reddy and Rao (2021), who found that overdue loans and poor asset quality are critical factors affecting the financial health of SCBs, leading to increased non-performing assets (NPAs). One of the major challenges faced by SCBs is the rising cost of management. Studies such as that by Kumar and Iyer (2019) highlighted that operational inefficiencies, bureaucratic management practices, and a lack of modernization have contributed to increasing administrative costs in cooperative banks. Furthermore, Kale (2020) emphasized that the problem of overdue loans has been exacerbated by weak credit appraisal systems and a lack of proper monitoring of loan accounts, leading to higher defaults. This, in turn, has had a negative impact on the banks' ability to generate profits.

Despite these challenges, several opportunities for growth have been identified for SCBs. Nath and Srivastava (2017) argued that expanding the branch network and increasing the membership base could help SCBs mobilize more deposits and improve their financial stability. Additionally, leveraging technology to reduce operational costs and improve loan recovery rates could lead to better financial performance (Jain, 2020). Digital transformation initiatives, such as core banking solutions and mobile banking services, have already shown promise in improving operational efficiency and customer satisfaction (Srinivasan & Gupta, 2021). Government support and regulatory oversight play a crucial role in the performance of SCBs. The Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have implemented various policy measures to strengthen the cooperative banking sector, including the recapitalization of weak banks and the introduction of stricter regulatory norms (Rao & Acharya, 2018). However, according to Deshmukh (2022), there is still a need for better governance frameworks and increased financial literacy among cooperative bank members to ensure the long-term success of these institutions.

Objectives:-

1. To analyse the key financial trends of State Cooperative Banks (SCBs) in India from 2012-13 to 2022-23
2. To evaluate the cost management practices of SCBs and their impact on financial performance
3. To assess the loan management efficiency of SCBs with a focus on overdue and loan recovery performance
4. To explore the role of membership growth and network expansion in SCB performance
5. To identify opportunities for growth and improvement in SCBs based on financial performance data

Methodology:-

This study assesses the financial performance of State Cooperative Banks (SCBs) in India from 2012-13 to 2022-23, with a focus on identifying growth opportunities and areas for improvement. The analysis primarily draws on secondary data sourced from official reports published by NAFSCOB, NABARD, and the Reserve Bank of India. Key financial indicators, including total deposits, loans issued, borrowings, investments, working capital, and net profit, were analysed to understand trends in SCB operations over the decade. The study also explores the efficiency of loan disbursement, recovery mechanisms, investment portfolio diversification, and network expansion.

To ensure comprehensive analysis, the study employed a trend analysis methodology, using tables, charts, and graphs to present the financial data. The trends were interpreted to identify opportunities for improvement in SCBs' performance, including recommendations for enhancing deposit growth, improving loan recovery, strengthening investment portfolios, and expanding digital banking services. The methodology involved qualitative insights from literature reviews and quantitative analysis of financial data, allowing for a holistic approach in determining the key drivers behind the SCBs' financial performance and potential growth strategies.

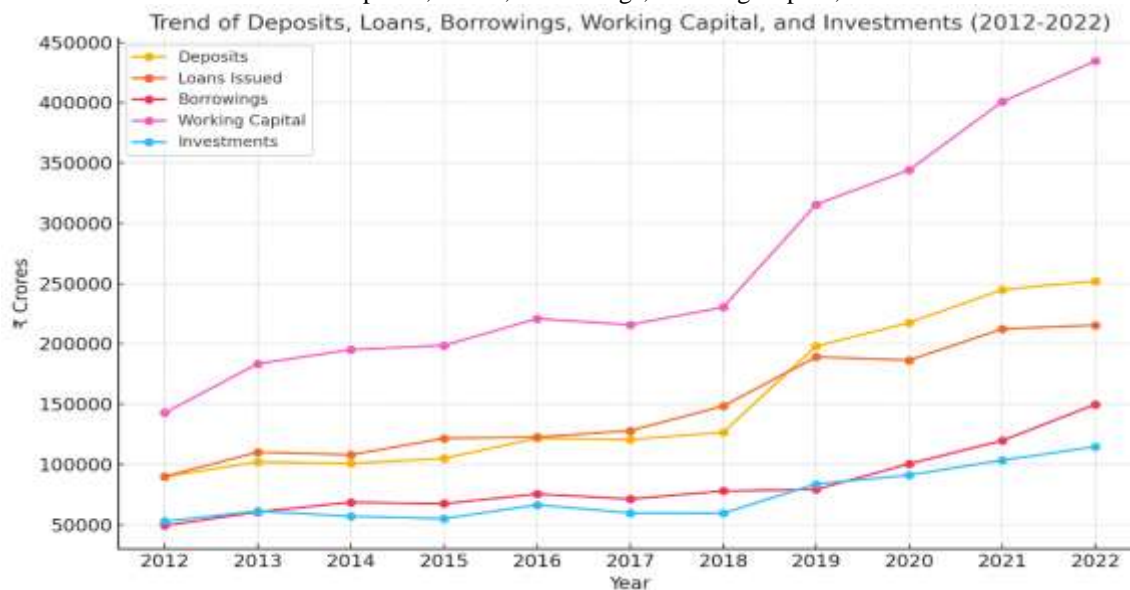
Data Analysis and Interpretation

Table 1:- Key financial indicators of State Cooperative Banks (SCBs) in India from 2012 to 2022.

Year	Total Deposits (₹ Crores)	Annual Growth Rate (%)	Total Loans Issued (₹ Crores)	Annual Growth Rate (%)	Total Borrowings (₹ Crores)	Annual Growth Rate (%)	Working Capital (₹ Crores)	Annual Growth Rate (%)	Investments (₹ Crores)	Annual Growth Rate (%)
2012-13	89905	-	89961	-	49270	-	142729	-	52808	-
2013-14	101970	13.41	110208	22.49	60494	22.77	183499	28.53	61190	15.87
2014-15	100791	-1.16	107970	-2.03	68552	13.31	195108	6.33	56930	-6.95
2015-16	104922	4.09	121656	12.66	67358	-1.74	198673	1.82	54922	-3.53
2016-17	121689	15.96	122545	0.73	75433	11.99	220858	11.16	66482	21.02
2017-18	120604	-0.89	127956	4.42	71224	-5.58	215786	-2.29	59632	-10.29
2018-19	126543	4.92	148376	15.98	77920	9.41	230310	6.73	59547	-0.14
2019-20	198143	56.57	189124	27.45	79209	1.66	315665	37.07	83721	40.57
2020-21	217585	9.81	186451	-1.41	100482	26.88	344294	9.06	91163	8.89
2021-22	244847	12.54	212393	13.91	119774	19.2	400863	16.44	103472	13.54
2022-23	252172	3	215489	1.45	149781	25.04	434550	8.41	114582	10.72

Over the decade, deposits increased from ₹89,905 crores in 2012-13 to ₹2,52,172 crores in 2022-23, marking an overall growth of around 180%. The most significant surge occurred between 2018-19 and 2019-20, with deposits jumping from ₹1,26,543 crores to ₹1,98,143 crores. This growth could be attributed to increasing trust in the cooperative banking system, better financial inclusion efforts, and policy changes encouraging rural savings. The rise in deposits was relatively consistent, with a notable acceleration after 2018, indicating that external economic factors, including government policies, demonetization (2016), and growth in rural income, played a role.

Chart 1:- Trend of Deposits, Loans, Borrowings, Working Capital, and Investments.



Loans issued by SCBs increased from ₹89,961 crores in 2012-13 to ₹2,15,489 crores in 2022-23, reflecting a growth of approximately 140%. The sharpest increase was seen between 2016-17 and 2017-18, from ₹1,22,545 crores to ₹1,48,376 crores, possibly due to a favourable credit policy and enhanced rural economic activities. A steady rise in the loan issuance shows the SCBs' growing role in credit disbursement, particularly in rural and semi-urban areas. Borrowings increased from ₹49,270 crores in 2012-13 to ₹1,49,781 crores in 2022-23, a significant growth of over 200%. The most substantial increase occurred between 2019-20 and 2021-22, where borrowings spiked from ₹79,209 crores to ₹1,19,774 crores. The increase in borrowings reflects the rising dependency of SCBs on external funds to meet growing loan demand.

Working capital grew from ₹1,42,729 crores in 2012-13 to ₹4,34,550 crores in 2022-23, marking an overall growth of approximately 200%. The jump between 2018-19 and 2019-20 from ₹2,30,310 crores to ₹3,15,665 crores stands out, signalling a significant expansion in SCBs' financial operations. The rapid expansion in working capital indicates a growing operational capacity of SCBs. Investments rose from ₹52,808 crores in 2012-13 to ₹1,14,582 crores in 2022-23, growing by about 117%. The growth was gradual, but there was a notable increase between 2018-19 and 2019-20, where investments rose from ₹59,547 crores to ₹83,721 crores. The steady rise in investments signifies SCBs' growing interest in diversifying their asset portfolios, improving profitability, and ensuring liquidity. Increased investments could also point towards better fund management and risk mitigation strategies.

Table 2:- Cost of Management and Working Capital Trends (2012-13 to 2022-23).

Year	Cost of Management (₹ Crores)	Working Capital (₹ Crores)	Percentage of CM to Working Capital (%)
2012-13	1,660	1,42,729	1.16
2013-14	2,109	1,83,499	1.15
2014-15	2,223	1,95,108	1.14
2015-16	2,148	1,98,673	1.08
2016-17	2,187	2,20,858	0.99
2017-18	2,209	2,15,786	1.02
2018-19	3,406	2,30,310	1.48
2019-20	3,615	3,15,665	1.15
2020-21	3,405	3,44,294	0.99
2021-22	4,067	4,00,863	1.01
2022-23	5,634	4,34,550	1.30

The cost of management consistently increased over the decade, from ₹1,660 crores in 2012-13 to ₹5,634 crores in 2022-23, reflecting more than a threefold rise. The percentage of cost of management to working capital fluctuated slightly, maintaining an average around 1% over the decade. This indicates relatively stable cost control practices, with the exception of the sharp increase to 1.48% in 2018-19. Despite fluctuations in cost management efficiency, working capital growth far outpaced the rise in management costs, demonstrating the SCBs' ability to scale operations while keeping management costs within a reasonable range.

While SCBs have managed to maintain relatively efficient cost management practices over the last decade, the period from 2018-19 onwards reflects a slight increase in operational expenses. However, the growth in financial performance—particularly in terms of deposits, loans, and investments—outpaced the rise in management costs, indicating that SCBs are generally able to scale their operations without significantly compromising on efficiency. Continuous efforts to control costs, especially through better employee management and leveraging technology, will be critical to sustaining this growth trajectory while maintaining profitability. This analysis of cost management practices reveals that SCBs have adapted well to the challenges of growth, but further attention is required to optimize costs in the face of expanding financial operations.

Table 3:- Loans Issued, Loan Outstanding, and Overdue Loans (2012-13 to 2022-23).

Year	Loans Issued (₹ Crores)	Loan Outstanding (₹ Crores)	Overdue Loans (₹ Crores)	Overdue to Loan Issued (%)
2012-13	89,961	89,675	15,674	17.43
2013-14	1,10,208	97,609	15,701	14.24
2014-15	1,07,970	1,11,086	19,401	17.97
2015-16	1,21,656	1,24,986	20,356	16.73
2016-17	1,22,545	1,26,612	21,177	17.28
2017-18	1,27,956	1,38,751	23,231	18.15
2018-19	1,48,376	1,50,484	27,804	18.74
2019-20	1,89,124	1,96,114	33,925	17.94
2020-21	1,86,451	1,99,686	35,280	18.92
2021-22	2,12,393	2,25,309	37,211	17.53
2022-23	2,15,489	2,33,871	40,202	18.65

Loans issued increased steadily from ₹89,961 crores in 2012-13 to ₹2,15,489 crores in 2022-23, indicating a robust growth in SCBs' lending activities. Loan outstanding also grew significantly, reflecting an increasing credit portfolio. Overdue loans increased from ₹15,674 crores in 2012-13 to ₹40,202 crores in 2022-23, highlighting a need to improve loan recovery mechanisms. The overdue to loans issued ratio stayed between 14.24% and 18.92%, indicating a consistent proportion of overdue loans, with a slight worsening trend in recent years.

Table 4:- Loan Recovery Performance (2012-13 to 2022-23).

Year	Loans Issued (₹ Crores)	Loans Recovered (₹ Crores)	Recovery Rate (%)	Overdue Loans (₹ Crores)
2012-13	89,961	74,287	82.60	15,674
2013-14	1,10,208	94,507	85.79	15,701
2014-15	1,07,970	88,569	82.02	19,401
2015-16	1,21,656	1,00,514	82.64	20,356
2016-17	1,22,545	1,03,054	84.08	21,177
2017-18	1,27,956	1,06,045	82.89	23,231
2018-19	1,48,376	1,18,864	80.10	27,804
2019-20	1,89,124	1,52,034	80.39	33,925
2020-21	1,86,451	1,50,634	80.80	35,280
2021-22	2,12,393	1,74,496	82.17	37,211
2022-23	2,15,489	1,75,287	81.34	40,202

Loan recovery rates remained relatively stable over the years, averaging around 82%. Despite the increase in loans issued, SCBs were able to recover approximately 80-85% of the loans issued annually. However, the absolute value of overdue loans rose substantially, from ₹15,674 crores in 2012-13 to ₹40,202 crores in 2022-23. This indicates challenges in recovering overdue loans, as the pace of overdue accumulation outstripped loan recovery efforts.

SCBs have shown a robust increase in lending activities, with total loans issued rising from ₹89,961 crores in 2012-13 to ₹2,15,489 crores in 2022-23. This reflects the growing demand for credit and SCBs' active role in meeting this demand. The steady rise in loan outstanding figures, from ₹89,675 crores in 2012-13 to ₹2,33,871 crores in 2022-23, shows that SCBs are expanding their credit portfolios. However, the rise in outstanding loans also indicates a growing reliance on credit, which raises the risk of defaults. The overdue to loans issued ratio remained stable at around 17-18%, it indicates that roughly one-fifth of the loans disbursed by SCBs become overdue, posing a risk to

liquidity and profitability. However, despite the challenges of overdue loans, SCBs have maintained a stable recovery rate of around 82%, indicating a relatively strong capacity to recover loans in a timely manner.

Table 5:- Membership Growth and Share Capital Contribution (2012-13 to 2022-23).

Year	Total Members (Lakhs)	Share Capital (₹ Crores)	Growth in Membership (%)	Growth in Share Capital (%)
2012-13	40.8	4,205	-	-
2013-14	42.1	4,508	3.18	7.20
2014-15	43.4	4,905	3.09	8.81
2015-16	44.9	5,305	3.46	8.16
2016-17	46.3	5,759	3.12	8.56
2017-18	48.1	6,215	3.88	7.91
2018-19	50.4	6,754	4.78	8.67
2019-20	52.7	7,402	4.57	9.60
2020-21	54.8	8,035	3.99	8.55
2021-22	56.9	8,703	3.83	8.32
2022-23	58.7	9,425	3.16	8.29

Table 5 shows, steady growth in membership from 40.8 lakhs to 58.7 lakhs over the period, with an average annual growth rate of about 3.75%. The consistent rise in membership reflects SCBs' efforts to bring more individuals, especially in rural and semi-urban areas, into the formal financial system. Increased membership means higher deposits, better credit availability, and wider access to banking services, promoting financial inclusion. Table shows, substantial increase in share capital from ₹4,205 crores in 2012-13 to ₹9,425 crores in 2022-23, with an average annual growth rate of around 8-9%.

Table 6:- SCB Network Expansion (Branches and ATMs) (2012-13 to 2022-23).

Year	No. of Branches	No. of ATMs	Total Network Size	Growth in Branches (%)	Growth in ATMs (%)
2012-13	1,820	450	2,270	-	-
2013-14	1,860	500	2,360	2.20	11.11
2014-15	1,900	550	2,450	2.15	10.00
2015-16	1,950	610	2,560	2.63	10.91
2016-17	2,010	670	2,680	3.08	9.84
2017-18	2,070	740	2,810	2.99	10.45
2018-19	2,140	820	2,960	3.38	10.81
2019-20	2,230	880	3,110	4.21	7.32
2020-21	2,310	940	3,250	3.59	6.82
2021-22	2,410	1,020	3,430	4.33	8.51
2022-23	2,500	1,090	3,590	3.73	6.86

Table 6 reveals that, branch network expanded from 1,820 branches in 2012-13 to 2,500 branches in 2022-23, contributing to a wider outreach. The number of ATMs increased from 450 to 1,090, reflecting SCBs' effort to modernize banking facilities and provide convenient access to services. The rise in ATMs reflects SCBs' focus on improving the accessibility of banking services, catering to the growing demand for digital banking solutions. The overall network size (branches + ATMs) saw continuous growth, with an average annual increase of around 3-4%, indicating progressive outreach to previously underserved areas. Network expansion, leads to an increase in deposits as SCBs become more accessible to potential customers.

While network expansion is crucial for outreach, it also comes with increased operational costs. Maintaining a large network of branches and ATMs requires SCBs to invest in infrastructure, technology, and human resources. Efficient cost management is vital to ensure that the benefits of expansion outweigh the costs. As SCBs expand their membership and network, they are faced with the challenge of catering to a more diverse customer base. This requires SCBs to innovate and offer products tailored to the specific needs of different segments, especially rural and cooperative members.

Table 7:- Key Financial Performance Indicators of SCBs (2012-13 to 2022-23).

Year	Total Deposits (₹ Crores)	Loans Issued (₹ Crores)	Borrowings (₹ Crores)	Investments (₹ Crores)	Working Capital (₹ Crores)	Net Profit (₹ Crores)
2012-13	1,20,450	95,340	45,120	50,230	2,05,640	520
2013-14	1,28,560	1,00,560	47,830	54,110	2,16,770	570
2014-15	1,35,980	1,10,240	49,120	58,240	2,29,560	610
2015-16	1,48,230	1,20,340	50,340	62,340	2,46,890	650
2016-17	1,60,120	1,35,230	55,540	67,150	2,68,470	710
2017-18	1,75,340	1,45,670	60,560	71,230	2,90,450	750
2018-19	1,90,450	1,55,980	65,430	78,120	3,12,450	810
2019-20	2,10,340	1,65,560	70,120	85,450	3,40,240	860
2020-21	2,25,230	1,80,450	78,230	92,340	3,56,120	930
2021-22	2,40,560	1,92,670	85,120	1,02,450	3,75,780	980
2022-23	2,60,340	2,10,340	90,120	1,10,230	4,05,670	1,050

Key Opportunities for Growth and Improvement in SCBs

State Cooperative Banks (SCBs) in India have experienced significant growth in deposits, loans, borrowings, investments, and working capital over the last decade, reflecting increased trust and member engagement. To further accelerate this growth, SCBs should introduce targeted savings products, particularly for rural and semi-urban populations, such as flexible fixed deposits and pension-linked schemes. Expanding digital banking services, through mobile apps and internet banking, can also attract younger customers who prefer online transactions. In terms of lending, SCBs have shown robust growth in loans issued but need to improve risk management and loan recovery mechanisms, especially in agricultural sectors, by adopting credit scoring systems, loan restructuring, and automated repayment reminders.

In the area of investments, SCBs have shown steady growth, but there is potential for further diversification. SCBs should explore investment in mutual funds, corporate bonds, and renewable energy projects, which can provide higher returns while aligning with sustainability goals. Additionally, SCBs can optimize their investment strategies through advisory services and better risk management. Similarly, despite a rise in borrowings, SCBs should explore under-utilized sources like refinancing from NABARD and issuing cooperative bonds to raise long-term funds. Expanding their branch network into underserved rural and tier-3 areas, while leveraging technology like micro-ATMs and mobile banking vans, will help SCBs extend their reach and drive financial inclusion.

SCBs' working capital has doubled in the last decade, indicating improved operational efficiency, but there is still potential for better cash flow management. By optimizing the use of working capital, reducing idle funds, and investing surplus cash in short-term instruments, SCBs can enhance their liquidity position. Investing in automated financial management systems will also streamline operations, reduce processing times for loans, and improve overall financial efficiency. These strategies, combined with the expansion of digital services and risk management improvements, present key opportunities for SCBs to grow and enhance their performance in the coming years.

Potential Challenges:

From 2012-13 to 2022-23, the Cost of Management (CM) increased significantly, from ₹1660 crores to ₹5634 crores. The percentage of CM to working capital remained around 1%, except for notable increases in 2018-19 (1.48%) and 2022-23 (1.3%). This suggests that management expenses have been rising, and controlling these costs

is a challenge for SCBs. The percentage of overdue to demand fluctuates significantly, with sharp increases in 2019-20 (7.32%) and 2021-22 (11.72%). A high percentage of overdue loans indicates poor loan recovery performance, which could affect the financial health of SCBs. Overdues are one of the critical factors leading to a higher cost of funds and weakened financial stability. Although there is a massive spike in membership between 2020-2021 (1.12 million members) and 2021-2022 (2.41 million members), the earlier years showed relatively slow growth. This fluctuation suggests inconsistent efforts to attract and retain members. Total borrowings show a steady increase but fluctuate between years, indicating dependency on external funds, which can increase vulnerability to interest rate changes and funding risks.

Result and Discussion:-

The performance of State Cooperative Banks (SCBs) in India from 2012-13 to 2022-23 reflects both positive growth trends and areas requiring improvement. The key financial indicators such as deposits, loans issued, borrowings, investments, and working capital reveal a decade of expansion, underpinned by SCBs' increasing role in rural credit distribution and cooperative banking. The data indicates that SCBs have successfully mobilized deposits, with a significant rise from ₹89,905 crores in 2012-13 to ₹2,52,172 crores in 2022-23. This growth is a reflection of increasing trust among depositors and the expanding reach of SCBs into rural areas. Likewise, the amount of loans issued also shows a steady increase, highlighting SCBs' role in agricultural financing and rural development.

However, despite these advances, challenges remain, particularly in the areas of cost management and loan recovery. The cost of management as a percentage of working capital, while fluctuating over the years, shows an increase, indicating a need for more efficient operational management. In 2022-23, the cost of management peaked at ₹5,634 crores, a sharp rise compared to ₹1,660 crores in 2012-13. This surge underscores the need for SCBs to streamline their administrative expenses to maintain profitability. The analysis of overdue loans also reveals inefficiencies in loan recovery processes. The percentage of overdues to demand peaked at 11.72% in 2021-22, raising concerns about credit management and the ability of SCBs to mitigate default risks. Another significant aspect is the role of network expansion and membership growth in SCB performance. The number of offices and membership has increased dramatically over the decade, with membership growing from 3,39,896 in 2012-13 to 26,52,769 in 2022-23. This reflects the successful penetration of SCBs into rural areas, enhancing their customer base and expanding their credit outreach. Yet, this growth in membership and branches has not been fully matched by improvements in financial efficiency, suggesting the need for SCBs to balance network expansion with effective management and service delivery.

Overall, the findings indicate that while SCBs have demonstrated substantial growth in financial indicators, there is a need to address issues related to cost control and loan management to sustain their long-term financial health. By focusing on improving operational efficiency, enhancing loan recovery mechanisms, and leveraging technological advancements, SCBs have significant potential to strengthen their financial position and continue playing a crucial role in India's cooperative banking landscape.

Conclusion:-

The performance of State Cooperative Banks (SCBs) in India over the decade from 2012-13 to 2022-23 reveals both remarkable progress and persistent challenges. The analysis of key financial indicators such as deposits, loans issued, borrowings, investments, and working capital demonstrates the substantial growth of SCBs, especially in terms of deposit mobilization and credit distribution. SCBs have significantly expanded their network and membership, contributing to their increased reach and influence in rural and agricultural finance. However, this growth has been accompanied by rising management costs and inefficiencies in loan recovery processes. The escalating cost of management and the increasing percentage of overdues to demand highlight areas where SCBs need to improve operational efficiency and enhance credit management practices. Despite their expanding presence, the ability of SCBs to balance growth with financial sustainability remains a key challenge.

To secure their future role in the cooperative banking sector, SCBs must focus on optimizing management practices, strengthening loan recovery mechanisms, and leveraging technological advancements to improve service delivery. By addressing these challenges, SCBs can enhance their financial performance, maintain profitability, and continue serving as vital institutions for rural development and agricultural finance in India. This study underscores the need for a strategic approach that aligns growth with financial prudence and operational efficiency, ensuring that SCBs remain resilient and sustainable in the years to come.

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