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COOPERATIVE BANKING IN PURBA MEDINIPUR: STRUCTURE, PERFORMANCE, AND CHALLENGES

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ABSTRACT

This paper examines the structure, performance, and challenges of the cooperative banking system in Purba Medinipur, a predominantly agrarian and coastal district in West Bengal. Drawing upon secondary data from NABARD's 'Potential Linked Plan' (PLPs), State Focus Papers, and official cooperative bank records, the study maps the district's three-tier cooperative credit architecture—comprising Primary Agricultural Credit Societies (PACS), District Central Cooperative Banks (DCCBs), and the State Cooperative Bank. The analysis reveals that Purba Medinipur has a dense institutional network, including 763 PACS, 54 DCCB branches, and a significant presence of commercial and regional rural banks. Cooperative institutions demonstrate superior performance in Annual Credit Plan (ACP) achievement (89.26%) and recovery rates (88.92%) compared to commercial banks and RRBs, highlighting their pivotal role in rural credit delivery. However, persistent challenges such as low overall Credit–Deposit (CD) ratio (44%), governance deficiencies, and limited technological adoption constrain their full potential. The paper emphasizes the need for reforms in professional management, digitalisation of PACS, diversification into allied-sector financing, and stronger linkages with commercial banks and fintech platforms. Strengthening cooperatives in these dimensions is essential for enhancing rural financial inclusion and sustainable development in Purba Medinipur.

KEYWORDS: Cooperative banking, Purba Medinipur, PACS, DCCB, NABARD, rural finance, financial inclusion, credit–deposit ratio, Annual Credit Plan, West Bengal



1. INTRODUCTION

Credit cooperatives have long been an integral component of India's rural financial ecosystem, providing short- and medium-term credit to farmers and allied sector participants—particularly in regions underserved by commercial banks. In West Bengal, the cooperative banking structure—comprising Primary Agricultural Credit Societies (PACS), District Central Cooperative Banks (DCCBs), and the State Cooperative Bank—continues to play a crucial role in supporting agricultural and allied economic activities.

Purba Medinipur, a predominantly agrarian and coastal district of West Bengal, presents an important case for examining the functioning of cooperative institutions. The district possesses a reasonably developed banking infrastructure yet faces several structural and operational challenges typical of rural financial systems.

2. OBJECTIVES

This paper seeks to review the cooperative banking system in Purba Medinipur with three specific objectives: (i) to map the institutional structure and linkages of cooperatives within the district; (ii) to analyse the performance and outreach of cooperative banks; and (iii) to identify key challenges and propose suitable policy interventions. In doing so, the study highlights how the cooperative credit architecture operates at the district level, assesses its contribution to rural credit delivery, and explores the institutional and technological constraints affecting its overall effectiveness and inclusiveness.

3. LITERATURE AND POLICY CONTEXT

NABARD's PLP series offers detailed district-level diagnostics and projections that inform local credit planning and refinance support (NABARD, 2016; 2019; 2020; 2021). The State Focus Paper (NABARD, 2023) and SLBC reports provide complementary macro and operational context for West Bengal's banking outreach and cooperative modernization efforts (SLBC West Bengal, 2019; 2024).

4. METHODOLOGY

This review utilises publicly-available documents and secondary sources relevant to cooperative banking in Purba Medinipur. Primary inputs include NABARD's District Potential Linked Plan (PLP) and banking profile documents for Purba Medinipur (2020-21, 2021-22) (NABARD, 2020; NABARD, 2021) as well as state cooperative bank branch listings and other official data. The paper adopts a narrative-review approach: after mapping institutional structure, it summarises performance metrics drawn from the district reports, then discusses challenges and opportunities, culminating in policy recommendations. While primary survey data is not used, the data sources are recent and district-specific, enabling meaningful insights.



5. Institutional Architecture and Linkages in Purba Medinipur

5.1 The three-tier cooperative credit system

In West Bengal, as in many Indian states, the cooperative credit system is organized broadly across three tiers: (i) PACS at the village/gram panchayat level, (ii) DCCBs at the district level, and (iii) the state cooperative bank at the apex of the structure. The PACS mobilize deposits from and extend short-term/term loans to rural members; the DCCBs act as intermediaries, provide refinancing, supervise PACS and liaise with the state cooperative bank; the state cooperative bank handles wholesale refinance, liquidity management and linkages with NABARD and the Reserve Bank of India (RBI) (Ministry of Cooperation, 2024).

In Purba Medinipur, for example, the state cooperative bank's branch network in the district is considerable (Bank IFSCCode, 2025). The DCCB listings on the West Bengal state cooperative bank's website show that the Balageria Central Cooperative Bank Ltd. (Contai subdivision) and Tamluk-Ghatal Central Cooperative Bank Ltd. (Tamluk subdivision) are among the central cooperative banks operating in Purba Medinipur (West Bengal State Cooperative Bank, 2025).

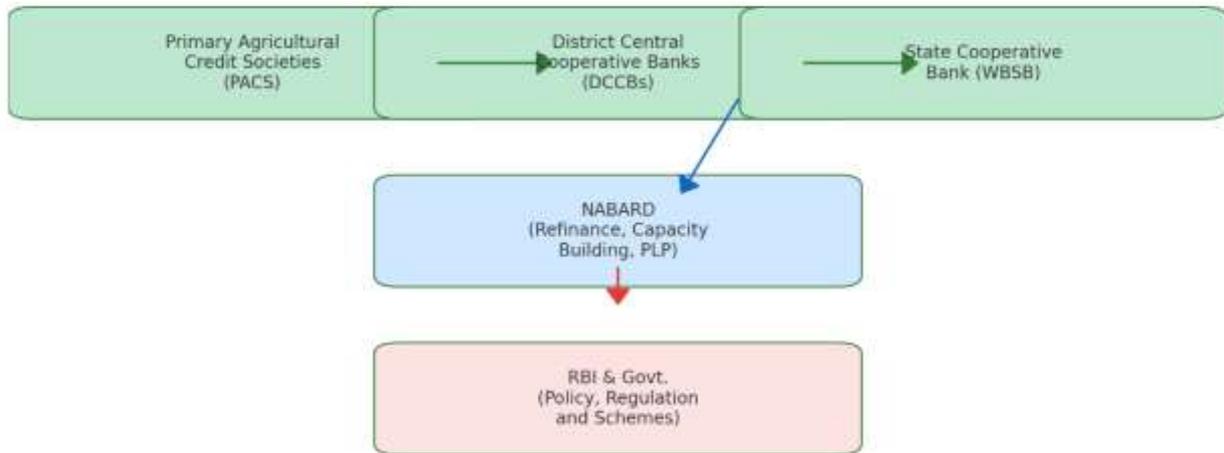
5.2 District-specific cooperative linkages

According to the 2021-22 PLP for Purba Medinipur, the district hosts 763 PACS affiliated to DCCBs in the district (NABARD, 2021). The banking profile also reports that there were 54 district-cooperative bank branches, 14 PCARDB branches and 11 urban cooperative bank branches in addition to commercial and RRB branches (NABARD, 2021). Such a network provides the foundational institutional infrastructure for cooperative credit delivery at the grassroots in the district.

5.3 Linkages with other institutions

Cooperatives in the district are also linked with other rural finance and development institutions. For instance, NABARD's plans for financial inclusion in West Bengal emphasise the role of PACS and DCCBs in outreach, financial literacy and digital banking initiatives (NABARD, 2022). Moreover, cooperatives often participate in government schemes, input financing, allied-sector credit (horticulture, fisheries) and other rural livelihood programmes.

Figure 1: Cooperative Credit Architecture (Purba Medinipur)



Source: Author compilation based on NABARD PLP series and state documents.

The cooperative credit structure follows the three-tier model: PACS at grassroots, DCCBs at district level and the State Cooperative Bank at the apex. In Purba Medinipur, the 2021-22 PLP reported 763 PACS affiliated to DCCBs and a substantive branch network of commercial banks, RRBs and cooperatives (NABARD, 2021). Table 1 summarises the institutional infrastructure.

Table 1: Cooperative and Banking Infrastructure in Purba Medinipur (as reported in NABARD PLP 2021-22)

Institution/Item	Count
Commercial bank branches	272
RRB branches	49
District cooperative bank branches (DCCB)	54
Urban cooperative bank branches	11
PCARDB branches	14
Primary Agricultural Credit Societies (PACS)	763
Small Finance Bank branches	10

Source: NABARD PLP 2021-22 (Purba Medinipur).

Table 1 provides an overview of the district’s financial and cooperative banking network as reflected in the Potential Linked Plan (PLP) 2020–21 prepared by the National Bank for Agriculture and Rural Development (NABARD, 2021). The data reveal a diversified and extensive institutional presence, comprising 272 commercial bank branches, 49 Regional Rural Bank (RRB) branches, and 54 District Central Cooperative Bank (DCCB) branches, alongside 11 Urban Cooperative Bank branches and 14 Primary Cooperative Agricultural and Rural Development Bank (PCARDB) branches.

The district also accommodates a strong cooperative base, with 763 Primary Agricultural Credit Societies (PACS) functioning at the grassroots level, serving as key intermediaries for agricultural and rural credit dissemination. The presence of 10 Small Finance Bank branches further broadens the scope of financial inclusion and enhances accessibility to formal financial services among small-scale borrowers and entrepreneurs.

Overall, the table illustrates those cooperative institutions—particularly PACS and DCCBs—form a critical component of the district’s rural financial architecture, complementing commercial and regional rural banks in meeting the credit needs of the agrarian economy (NABARD, 2021).

Table 2: Loans Outstanding in Purba Medinipur (Selected years)

Year	Loans Outstanding (₹ lakh)
2017	783,144
2018	855,841
2019	988,498
2020	1,125,827

Source: NABARD PLP series (2019-20; 2020-21; 2021-22).

Table 2 presents the trend of total loans outstanding in the district between 2017 and 2020, as reported by the National Bank for Agriculture and Rural Development (NABARD, 2021). The data indicate a steady and substantial increase in the volume of outstanding credit over the four-year period, reflecting both the expansion of banking activities and rising credit absorption in the district’s economy.

In 2017, the total outstanding loans amounted to ₹7,83,144 lakh, which increased to ₹8,55,841 lakh in 2018 and further to ₹9,88,498 lakh in 2019. By March 2020, the figure had reached ₹11,25,827 lakh—representing a cumulative growth of nearly 43.7% over the four-year span. This upward trend suggests a consistent deepening of credit operations, possibly driven by agricultural investment, rural enterprise development, and expansion in small-scale and service sectors.

However, despite the increase in credit volume, NABARD reports also indicate that the credit–deposit (CD) ratio remained modest, implying that the district’s credit deployment potential was not fully realized compared to its deposit base. This points to a need for enhanced financial intermediation and more targeted rural lending initiatives to strengthen productive credit utilization (NABARD, 2021).

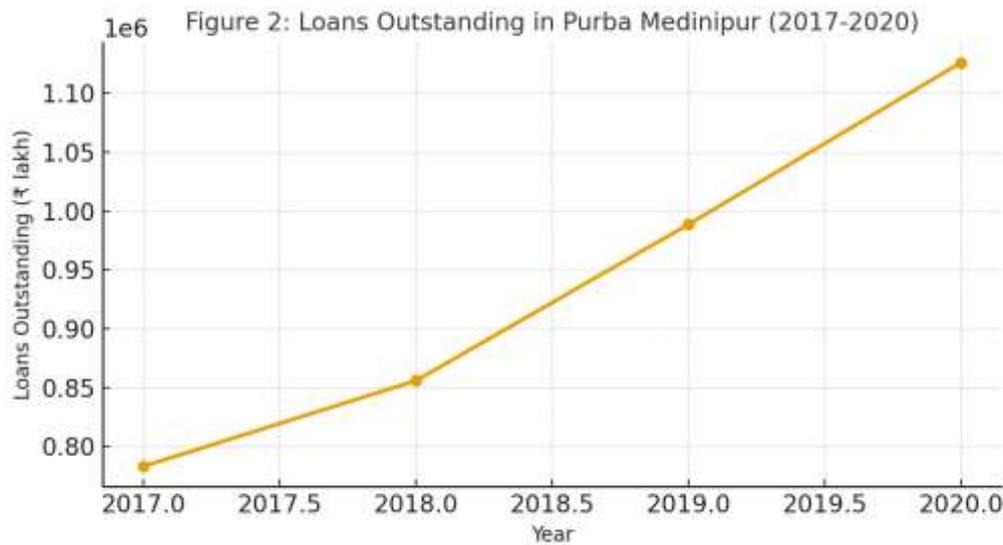


Figure 2: Loans Outstanding in Purba Medinipur (2017-2020). Source: NABARD PLP series.

CD Ratios and ACP Performance

District-level CD ratios and ACP achievements indicate cooperative institutions often outperform commercial banks in ACP achievement and recovery. Table 3 summarises CD ratios and Table 4 summarises ACP and recovery rates for bank groups.

Table 3: CD Ratios (Selected years)

Year	Overall CD Ratio (%)	Commercial Banks CD (%)	RRB CD (%)	Cooperative CD (%)
2018	43	37	61	61
2019	45	41	55	46
2020	44	41	55	55

Source: NABARD PLP 2019-20; PLP 2020-21; PLP 2021-22.

Table 3 presents the trend in Credit–Deposit (CD) ratios of various banking groups operating in the district from 2018 to 2020, based on data from the *Potential Linked Plan (PLP) 2021–22* issued by the National Bank for Agriculture and Rural Development (NABARD, 2021). The CD ratio serves as

a key indicator of the extent to which banks deploy their deposits for lending within a given region, thereby reflecting the effectiveness of local credit intermediation.

The data show that the overall CD ratio of the district improved from below 45 percent in 2018 to 45 percent in 2019, but then marginally declined to 44 percent in 2020. This downward movement suggests a modest slowdown in credit deployment relative to deposit growth. Among institutional categories, commercial banks consistently maintained a lower CD ratio—around 37 percent in 2018 and 41 percent in both 2019 and 2020—indicating limited credit extension compared with the available deposit base.

By contrast, Regional Rural Banks (RRBs) and cooperative institutions exhibited much higher CD ratios, reaching 61 percent in 2018 and 55 percent in 2020, underscoring their more active role in channeling local deposits into productive rural and agricultural lending. This trend highlights the comparative strength of the cooperative and rural banking sectors in supporting the district’s agrarian economy, even as commercial banks appear more deposit-oriented than credit-oriented.

Overall, the data point to a credit underutilization challenge in the district, emphasizing the need for policies that encourage greater lending through commercial and cooperative channels alike, in order to foster balanced regional development (NABARD, 2021).

Table 4: ACP Achievement and Recovery Rates (Average over last 3 years)

Bank group	Average ACP achievement (%)	Average Recovery Rate (%)
Commercial Banks	61.71	38.25
RRBs	44.98	69.34
Cooperatives	89.26	88.92

Source: NABARD PLP 2021-22 (Purba Medinipur).

Table 4 illustrates the comparative performance of different categories of banks in the district with respect to Annual Credit Plan (ACP) achievement and loan recovery efficiency, based on data from the *Potential Linked Plan (PLP) 2021–22* of the National Bank for Agriculture and Rural Development (NABARD, 2021). The table provides valuable insight into the operational efficiency and credit discipline of the district’s financial institutions.

The data reveal that cooperative banks significantly outperformed other banking groups, achieving an average ACP realization of 89.26% and maintaining an impressive average recovery rate of 88.92%. This suggests a strong alignment between credit disbursement and repayment within the cooperative

sector, likely due to its close proximity to rural borrowers and better understanding of local credit needs.

By contrast, commercial banks achieved a moderate ACP performance (61.71%) but exhibited a low recovery rate (38.25%), indicating potential challenges in credit monitoring and repayment enforcement. Regional Rural Banks (RRBs) displayed relatively lower ACP achievement (44.98%), though their recovery rate (69.34%) was substantially higher than that of commercial banks, reflecting better credit discipline among rural clientele.

Overall, the data underscore the comparative strength of the cooperative banking system in both credit disbursement and recovery performance. This reinforces the cooperative sector's vital role in sustaining rural financial stability, while also highlighting the need for improved credit management strategies among commercial and regional rural banks to enhance overall financial inclusion and efficiency in the district (NABARD, 2021).

Table 5: Financial Inclusion Status in the District

Indicator	Value / Description
Total Number of Villages	2,906
Villages Covered by Banking Services	2,256
Financial Inclusion Status	100% declared
Key Scheme	Pradhan Mantri Jan Dhan Yojana (PMJDY)
Linked Social Security Schemes	PMJJBY, PMSBY, Atal Pension Yojana
Overdraft Facility Available	₹5,000

Source: NABARD, 2021, p. 12.

The PLP document notes that out of 2,906 villages in the district, 2,256 villages have been brought under banking services; via the Pradhan Mantri Jan Dhan Yojana (PMJDY) each household was intended to have a savings bank account. The district was declared 100 % financially included, though sustaining active usage of those accounts remains a challenge (NABARD, 2021). The document states that “efforts are being made to bring these account-holders under PMJJBY, PMSBY and Atal Pension Yojana, and extend overdraft facility of Rs 5,000” (NABARD, 2021, p. 12).

6. NABARD Support and Policy Reforms

NABARD has been instrumental in district planning (PLP), refinance and capacity building. The State Focus Paper (2023-24) articulates the need for digitalisation of PACS, refinance for allied sectors, and



infrastructure support for PACS (NABARD, 2023). The West Bengal State Co-operative Bank has issued tenders for hardware supply to PACS (WBSB tender, 2023) to strengthen PACS IT infrastructure.

7. MAJOR CHALLENGES

7.1 Governance, human-resources and capacity constraints

While cooperative banks have strong outreach, governance and managerial capacity remain concerns. As with many cooperative systems, management and board oversight at PACS and DCCBs are often weak, and political interference or low professionalisation hamper performance. NABARD's district planning documents for Purba Medinipur flag the need for capacity building of PACS and DCCBs (NABARD, 2020; 2021).

7.2 Asset-quality and credit deposit ratio

Despite the relatively high recovery rate in cooperatives, the lower CD ratio (44 % overall in the district) and relatively modest term-loan performance indicate inefficiencies in mobilisation or deployment of funds. Cooperatives may face higher cost of funds and competition from commercial banks. The district's CD ratio being significantly below the state average implies potential under-utilisation of deposits or out-migration of funds (NABARD, 2021).

7.3 Technology, infrastructure and product diversification

PACS and smaller cooperatives in Purba Medinipur face infrastructure gaps: inadequate IT and core-banking solutions, limited digital platforms, and weak MIS systems. These constrain timely loan disbursement, monitoring, integration with government payments and diversification into non-credit services. The PLP notes that "all three CCBs in the district have been brought under CBS platform" but numerous PACS still lag (NABARD, 2021, p. 12). Diversification into term loans, micro-enterprises, allied-sector value-chain financing remains limited.

7.4 Market linkages and allied sector credit

While cooperatives perform decently in short-term agricultural credit, their role in allied sectors (fisheries, horticulture) and value-chain financing is still nascent. Purba Medinipur being a coastal and agrarian district has significant potential in fisheries and allied activities, but cooperatives have yet to capitalise fully. Without stronger linkages to marketing, storage and value-added services, cooperatives risk remaining mere credit conduits rather than holistic rural finance institutions.

7.5 Sustainability of outreach accounts and financial inclusion

Though the district reached 100 % financial inclusion in terms of account coverage, sustaining active usage of accounts, linking savings to productive credit and ensuring viability of small accounts remain



challenges. The PLP points out that the key challenge is “how to sustain these accounts with regular operation” (NABARD, 2021, p. 12).

8. DISCUSSION

The cooperative banking system in Purba Medinipur occupies a pivotal position within rural finance delivery. Its dense outreach through PACS and favourable ACP achievement underscores its relevance. However, the data also reveals that simply having presence does not guarantee full performance. The CD ratio being below the state average signals under-utilisation or out-flow of rural savings which could otherwise be channelled via cooperatives. The strong recovery rate in cooperatives is encouraging, but to deepen the impact, cooperatives must move beyond short-term crop credits to diversify into allied sectors, term finance and value chain engagements.

Linking cooperatives to technology adoption is critical. With the tide of digital banking and government direct benefit transfers (DBT), PACS and DCCBs that lag in core banking and digital connectivity risk being bypassed. Moreover, governance reforms—professional boards, transparent audit, performance-based incentives—are essential to ensure cooperatives do not remain mere passive credit conduits but evolve into more active partner institutions.

Given the district’s agrarian and coastal profile, cooperatives could play a much larger role in financing allied activities such as fisheries, aquaculture, horticulture, and small-scale processing units. Such diversification would not only broaden credit portfolios but also strengthen rural livelihoods. The involvement of cooperatives in outreach and financial inclusion efforts further positions them as key institutions for inclusive growth—but only if the accounts opened translate into meaningful financial engagement.

9. Policy Recommendations

Based on the review, the following policy and institutional recommendations are offered for strengthening the cooperative banking system in Purba Medinipur:

Capacity-building and professionalisation: Conduct regular training and capacity-building programmes for PACS and DCCB management (credit appraisal, MIS, risk management). Encourage appointment of professionals / trained staff rather than purely elected members to key managerial roles.

Digitalisation and infrastructure upgrade: Provide subsidies or low-cost support for PACS to adopt lightweight core-banking solutions, mobile banking platforms and digital payment gateways. Incentivize DCCBs to extend oversight and connectivity to PACS, enabling real-time MIS and strengthening monitoring.



Improved mobilisation of deposits and CD ratio enhancement: Cooperatives should adopt aggressive savings-mobilisation strategies (e.g., diversified small-savings products, term deposits linked to allied-sector credit). DCCBs could use linkage with NABARD refinance to fund term credit for allied activities, thereby making better use of rural deposits.

Product diversification into allied and value-chain financing: Cooperatives should design loan products tailored to coastal and agrarian livelihood activities in Purba Medinipur (fisheries, aquaculture, horticulture, post-harvest processing). This implies partnerships with value-chain actors, linkages with government subsidy schemes and technical support to borrowers.

Governance reform and transparency: State cooperative department should mandate standard audit disclosures for PACS, enforce timely elections and limit political interference. Performance-linked incentives for PACS and DCCBs (based on recovery, savings mobilisation, digital transaction volumes) could improve efficiency.

Linkages with commercial banks and fintechs: Given the increasing fintech and commercial bank presence in rural areas, cooperatives should form joint arrangements (co-lending, agent networks, digital payment platforms) to retain relevance. This will also help them leverage new technologies and expand outreach sustainably.

Outreach sustainability and financial inclusion deepening: Beyond opening accounts, cooperatives must focus on account activation, credit linkage, usage of household savings, and cross-selling of insurance/pension products. Financial literacy programmes should be intensified in remote blocks (e.g., Nandigram I, Potashpur II) with higher excluded populations (NABARD, 2021).

10. LIMITATIONS OF THE STUDY

This review is based on secondary data derived from district PLP documents and state listings. It lacks micro-level PACS-specific audited financial statements, borrower-level survey data or qualitative interviews with cooperative staff or members. Hence, some of the observations (for example, around governance or digital adoption) are inferred rather than empirically measured at the grassroots. Future research could involve primary fieldwork, case studies of PACS in Purba Medinipur, and comparative analysis with other districts.

11. CONCLUSION

The cooperative banking system in Purba Medinipur remains a cornerstone of rural credit delivery and financial inclusion. Its strong PACS network, high ACP achievement and high recovery ratios



reflect its relevance. Yet, it faces significant headwinds: low CD ratios, infrastructure deficits, limited product diversification and governance challenges. If these are addressed via the proposed policy interventions—especially focusing on professionalisation, digitalisation and allied-sector linkage—the cooperatives in Purba Medinipur can evolve into more robust rural finance institutions that contribute meaningfully to agricultural productivity, livelihood diversification and inclusive growth.

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