

Success Story of Kodyathoor Service Bank in Kozhikode District of Kerala, India

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Abstract

Kodyathoor Service Co-operative Bank Ltd. is one of the leading Co-operative Bank in the state in its outlook and approach with the objective of progress & prosperity of the society. The bank is classified as Class I Super grade Bank on accounting its performance and has been awarded the best cooperative bank in the Kozhikode district. It started functioning in September, 1988 with a share capital of ₹ 29500/-, registered under the Co-operative Societies Act 1969 under the leadership of visionaries of the Village. Today the Bank has become one of the best Cooperative Banks in the state having six branches operating at various localities of the Kodyathoor panchayat and a corporate office at Eranjimavu town in its own building. Agri Marketing Center located at Eranjimavu was built under the Directorate of Marketing and Inspection (DMI) scheme of Govt of India. The bank has 25,000 members with a capital base of Rs 434 lakhs.

This study is focused on the success story of Kodyathoor Service Cooperative Bank. Kodyathoor Service Cooperative Bank Ltd is located in Kodyathoor Gram panchayath of Kozhikode district in the state of Kerala, India. The total area constitutes 2990 hectares and the total population is 29,816 people (censes- 2011). The male population around 14725 and the female population comprise 15091.

Key words : *Cooperative banks, multiservice activities, management, services and membership.*

1. Introduction

The Kodyathoor Service Co-operative Bank Ltd NO.D. 2417 has been registered as a Primary Agricultural Co-operative Society under Kerala Co-operative Societies Act 1987 on September 1988 under the able leadership of visionaries of the area.

The Bank started functioning from a small room at Pannicode and later shifted to its own building at Pannicode. Now under DMI Scheme Agri Marketing Center building has been constructed at Eranjimavu and the Head

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office has been relocated to Eranjimavu. From a humble beginning, the Bank has made great progress in short term and is at par with some of the major banks in the area.

The Bank is now upgraded to Class I Super Grade considering the performance. 6 branches have been functioning at Chullikkaparambha, Kodyathoor, Pannicode, Gothambha Road, Thottumukkom, Eranjimavu.

The bank implements all the available modern banking facilities to help its customers at the maximum. A lot of thrusts is given by the Bank in providing its customers with maximum facilities. Already the Bank provides a good number of interesting deposit schemes and loan plans. Core banking is also being implemented to provide better facilities for customers.

1.1 Management of the Bank :

The Bank has an elected Board of 11 Directors including the President, for 5 years. All the members of the Board are persons with a good track record, committed to cooperative concepts and reputed persons in the society. Some of them are politicians, a few are local businessmen, social workers etc. Besides Directors, the daily affairs of the Bank are managed by a full-time Secretary and a team of other officials.

1.2 Facilities

The following services are offered through banks. These products and services collectively cover a wide range of banking operations and technological advancements, offering customers various options to manage their finances conveniently and securely. The products and services include savings accounts, current accounts, deposits, loans, fund transfers, and more.

In addition to the above facilities the bank offers the following :

- **Safe Deposit Lockers :** A facility provided by banks to customers for safekeeping of valuable items or documents.
- **Core Banking :** A system that allows customers to perform banking activities from any branch of the bank.
- **NEFT/RTGS :** Electronic fund transfer systems used for transferring funds between different banks or accounts.
- **SMS Banking :** Banking services accessible via text messages on mobile phones, allowing account inquiries or transactions.

- **ATM (Automated Teller Machine) :** Self-service machines enabling customers to conduct various banking transactions, including withdrawals, deposits, and balance inquiries.
- **Mobile Banking :** Banking services accessible via mobile devices such as smartphones or tablets, offering features similar to online banking.
- **Missed Call Alert :** A service where customers can receive notifications or perform certain banking activities by giving a missed call from their registered mobile number.
- **Mobile Application :** A dedicated application provided by the bank for customers to access and manage their accounts, conduct transactions, pay bills, etc., via smartphones or tablets.

2. Bank as Multi Service Centres :

The cooperative movement, encapsulated in the slogan "Cooperatives can build a better world" highlights the importance and wide-ranging services provided by cooperatives, significantly influencing the lives of people globally. This movement, characterized by both quantitative and qualitative growth and transformations, has played a crucial role in advancing both rural and urban economies through its multifaceted activities.

The various Multiservice activities of the Bank are;

1. Natural Coconut oil factory
2. Natural Bharat Gas agency
3. H.P Petrol bunk
4. Center for Employability Enhancement & Training Center
5. Medical Laboratory and polyclinic
6. Career Arcade (Educational Institution) - They have also step into the educational sector, the bank has started a competitive exam training centre for government job aspirants, and IT training is also provided.
7. Neethi Medicals
8. Jan Aushadi Store
9. Karshaka Sevana Kendram
10. Agro Center

11. Fertilizer-Depot
12. Consumer store
13. Cattle feed Distribution-Doing Cattle feed distribution in Kozhikode, Kannur and Kasaragod district.
14. Neethi store
15. Milk Product Stall
16. Bakery & Cool bar
17. Photostat Centres
18. Jenasevana Kendram
19. Coconut& copra procurement
20. Steel and Cement-Depo To avail civil construction materials (cement, steel and allied materials) for the public with an affordable rate, the depo is functioning at Eranjimavu. The bank has also set Shops for Hardware, electrical and plumbing outlet on the same building.
21. Library.
22. Auditorium : The bank has constructed a mini training Centre and an auditorium with the capacity of 200 people.

➤ **Natural Coconut oil :**

As part of Bank diversification, a natural coconut oil factory was started in 2011 producing high quality pure coconut oil marketed under the brand name "Natural coconut oil". The

factory is functioning on 70.5 cents of land under Pannikode bank on the airport-Mysore highway, equipped with all new technology-enabled machinery. Natural Coconut Oil has got a huge demand in the market through the years producing an annual turnover of 3 crores.



- **Natural Gas Agency - Bharath Gas** : An authorized LPG Distributor of Bharat Gas, the first bank to get the authorized dealership of Bharath gas agency. Starting its services on 20 January



2014 near the coconut oil factory godown at Pannikode and an exclusive showroom at Mukkom, Natural gas has been successfully able to capture the market at the time of inception, with around 6000 connections within a few months.

- **Karshaka Sevana Kendram** : The government has chosen the bank to serve as the Karshaka Sevana Kendram, functioning as a central agency to coordinate and enhance



agricultural practices at the block level in Kunnamangalam Block, Kozhikode. A government grant of approximately 25 lakh rupees has been allocated, enabling the bank to own a 5-acre farm while also renting 58 cents of additional land. Through the Karshaka Sevana Kendra, farmers will receive assistance and training in farming techniques, and access to modern agricultural machinery at reasonable rates. The center will stock a wide range of seeds, fertilizers, seedlings, pots, and grow bags for sale.

Additionally, various machines such as tractors, thrashers, transplanters, woodcutters, weed cutters, garden thrashers, and pump sets will be available for purchase by farmers at affordable prices. To address the shortage of trained agricultural labor, the center will deploy Karshaka.

Sena, a skilled workforce formed under the Karshaka Sevana Kendra. With these initiatives, the project aims to achieve significant success.

- **Agro Center :** Through the Agro center all agri-related machineries, fertilizers and all other equipments are made available for the farmers.



- **Petrol Pump :** Bank runs a well-maintained petrol pump of Hindustan Petroleum at Valillapuzha in Koyilandy Edavanna State Road.



- **Unity Lab:** Unity Diagnostics and Research Centre is a unit of Kodyathoor Service Cooperative Bank in the medical diagnostic field with an intention to serve the public in the medical area with affordable prices. The unit is located at H.O. Building at Eranjimavu. The diagnostic centre is dedicated to providing the most accurate analysis and seamless patient care. The team of qualified and experienced diagnostic professionals, aided with the latest technological developments and most modern diagnostic equipment, helps to deliver analytical reports with utmost precision. Infrastructure has been designed in accordance with the most modern facilities for doctors as well as for patients.



- **Neethi Medicals :** In order to ensure the availability of all medicines to the public with affordable rate, bank has started Neethi Medicals at H.O



Eranjimavu, where the public gets all facilities including consultation of doctors, medical diagnostics and medicines at an affordable rate.

- **Mobile Banking & SMS Banking :** Mobile Banking and SMS Banking have revolutionized the way individuals manage their finances by providing convenient and accessible methods for conducting banking transactions through mobile devices and text messaging services. These platforms allow users to check account balances, transfer funds, pay bills, and even receive notifications about their account activities, all from the palm of their hand. With the increasing reliance on smartphones and the ubiquity of text messaging, Mobile Banking and SMS Banking have become indispensable tools for modern banking, offering flexibility and convenience to users regardless of their location.
- **Surakshitha 2030 :** An integrated farming Project, "SURAKSHITHA 2030", a 22 crore project in an agriculture area, with the assistance from the Animal Husbandry department, agricultural department, NABARD, Fisheries Dept, Dairy Development Dept, District Industries Centre has been initiated, the Project comprises of a cattle farm, poultry, organic vegetables, farm tourism, etc with a mission to spread the agriculture practices in each and every corner of the society and to eradicate the harmful pesticide dipped vegetables from other states.

3. Loan Schemes :

The Bank offers has taken the following initiatives to target specific segments of society, offering financial aid, support, or empowerment opportunities to individuals or groups affected by various circumstances, including the COVID-19 pandemic, agricultural needs, women's empowerment, and other related sectors.

COVID Business Loan : A loan scheme was launched which aimed at providing financial support to businesses affected by the COVID-19 pandemic. Such loans might have been introduced to help businesses sustain operations, cover expenses, or adapt to the challenges posed by the pandemic.

Chief Minister's Helping Loan (Kudumbasree) : This was a loan program initiated by the Chief Minister to support the Kudumbasree mission or self-

help groups in Kerala. Kudumbasree is a poverty eradication and women's empowerment program in Kerala, India.

Karuthal Sparsham (COVID Loan for Auto Drivers) : This scheme was a COVID-specific loan program tailored for auto drivers, aiming to provide financial assistance or relief to this particular group affected by the pandemic.

Ksheera Navodhana : It refers to a dairy-related scheme or initiative, potentially related to milk production or dairy development. Further context would be necessary to provide more specific information.

Kudumbasree Shakti : This is an empowerment or support program for women under the Kudumbasree mission in Kerala, India. It focuses on providing various forms of support, training, or financial assistance to women involved in self-help groups.

Farmers' Loan Scheme : A loan program specifically designed to cater to the financial needs of farmers. Such schemes often aim to provide farmers with access to credit, enabling them to invest in agricultural activities, purchase equipment, or cover other farming-related expenses.

4. Achievements :

The success of a bank is the returns on assets, equity capital and deposit funding as well as strategy, culture, customer satisfaction and management experiences. Collaboration is another important factor for a firm to be highlighted about a firm. Leadership is always key, of greater interest than the practical ways in which the bank manages itself, internally and in regard to its market focus. The management of the Bank is very cooperative. This bank serves as a vital catalyst for the socio-economic advancement of entire regions. With a steadfast commitment to expanding its branch network across the Kodyathoor Panchayath, it aims to deliver essential banking services to communities, who have been deprived of banking facilities. The bank has always endeavoured for providing satisfactory customer service by the help of the latest technologies like RTGS/NEFT, Mobile banking, ATM facilities with utmost care for its customers. The Bank has also achieved State 2nd prize in the Kerala State for PACS Excellence Award for its activities and achievements in Regional level contribution- for taking the criteria like Agricultural field, Banking, Non-banking, Social service, community service, etc (Overall performance).

Why it is considered a success?

You cannot make money every day and you need to have a high tolerance for pain and trust your process. The Bank has launched different loan schemes tailor-made to suit the needs of various types of customers, satisfied all its stakeholders, generated solid earnings and growth for investors, distinguished itself with customers and provided employees with a positive work environment. The bank is having "A" classification of Audit. It is also earning profit regularly, as a result of which it is in a sound financial position which enables society to undertake various activities related to the fulfilment of social obligations, such as providing free meals workers, Blood donations camps, Health Check-up camps, appreciation of students passing 10th and 12th exams in merit among the member's children, etc. Consistency and sustainability are the two hallmarks of their success. The uniqueness is in its activities given as below :

- **Social Activities**

The below activities collectively cover a wide range of social welfare, community development, education, health, and environmental initiatives, showcasing a comprehensive approach towards the betterment of society.

- **Donation of Food Items to Community Kitchen :** Providing food items for community kitchens helps support individuals and families in need by ensuring access to meals.
- **Donations to Chief Minister's Relief Fund :** Financial contributions to the Chief Minister's Relief Fund aim to assist during emergencies, natural disasters, or other critical situations to support affected communities.
- **Paddy Procurement :** This involves purchasing paddy from farmers, likely to support agricultural initiatives or to contribute to food security programs.
- **Free Water Supply :** Providing free access to water is a crucial social initiative, ensuring communities have a basic necessity without financial burden.
- **Joint Liability Group and Training :** Creating Joint Liability Groups and providing training, which aims to empower individuals through collective financial support and skill-building activities.

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- **Distribution of TV Sets for Students' Online Classes :** Supporting students' education by providing TV sets for attending online classes ensures access to remote learning resources.
 - **Old Age Pension Distribution :** Providing financial assistance or pensions to senior citizens helps support their livelihoods.
 - **Cash Awards :** Recognition or incentives given in the form of cash to acknowledge achievements or contributions made by individuals or groups.
 - **Clean-Up Campaign :** Organizing campaigns to clean up public spaces or the environment to promote cleanliness and hygiene.
 - **Coconut Development Board Subsidy Camp :** This involves facilitating subsidies or support programs for coconut farmers or related industries.
 - **Youth Camp :** Organizing camps aimed at the development or engagement of young people in various activities such as skill-building, leadership training, etc.
 - **Break the Chain Campaign :** A campaign aimed at raising awareness or implementing strategies to break the transmission of diseases or epidemics.
 - **Home Delivery Facility for Supermarkets :** Offering home delivery services from supermarkets to facilitate convenience for customers.
 - **Interest-Free Gold Loans :** Providing loans without interest to support individuals in financial need using gold as collateral.
 - **Members' Welfare Scheme :** A scheme designed to provide welfare benefits or support to the members of a specific group or organization.
 - **Haritham Sahakaranam :** This is an initiative related to green initiatives or environmental conservation.
 - **Recreation Club :** Establishing a club or facility aimed at providing recreational activities for community members.

- **Health Awareness Camps :** Organizing camps or events to raise awareness about health-related issues and provide basic healthcare services.
- The procedure for sanctioning loans under various schemes has been simplified and relaxed with a view to attracting new customers and facilitating speedy sanction of loans. The bank has provided investment opportunities to all sections of the people in the form of attractive deposit schemes and attractive interest rates. Office has been computerized to provide quality services to customers.
- **Loan Overdue Adalath :** As per the Navakeraleeyam- Adalath scheme from the state government, the bank informed loan-due, due by the customers through notice and directly for conducting adalaths. Apart from this, one of the employees was given a charge and loan defaulters were strictly monitored, hence bank successfully reduced the loan outstanding percentage to "0".
- **Risk Fund :** The Risk fund scheme was enacted to cover the loan liability of society members (upto 70 years). If they expire during the loan period, the fund aimed to give relief.
- **One account in each house in the panchayath :** The bank successfully implemented the project "one account in every home". The staff of the bank along with the Board of Directors approached all houses in 16 wards of Kodiyathoor Panchayath as a team and successfully convinced the customers to open one account in each house of the panchayath.

5. Financial Performance of the Bank :

During Covid Pandemic, when the banking sector was low the bank operated with an approach that yielded profits to the bank. The table 1.1 provides an overview of membership and borrowing trends within the cooperative bank over the years 2017 to 2023, detailing the gender distribution, representation of SC/ST members, and the number of small farmers among the members.

Table 1.1: Membership and Borrowing Trends in the Kodyathoor Service Bank

Year	Total Members	Borrowing Members	Male Members	% Male Members	Female members	% Female Members	SC/ST	Small Farmers
2017-2018	26904	7561	12645	47.00	14259	53.00	807	10224
2018-2019	28787	8003	12666	44.00	16121	56.00	979	10939
2019-2021	28934	9119	14756	51.00	14756	51.00	1128	10289
2021-2022	29938	9312	13771	46.00	16167	54.00	1048	10179
2022-2023	30914	9448	14839	48.00	16075	52.00	1175	10202

Chart 1.1–Male and Female Members distributed over the years

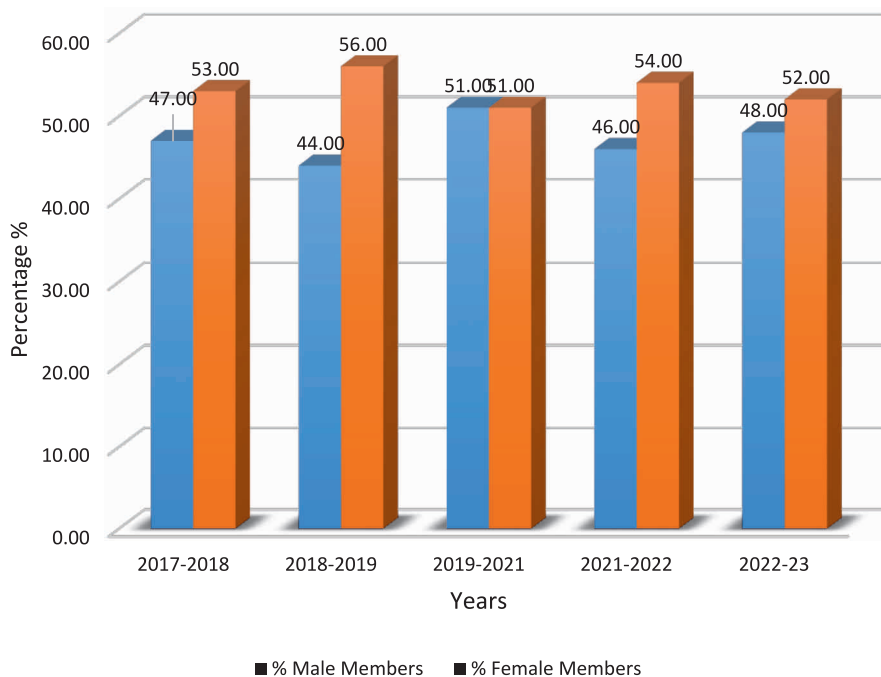
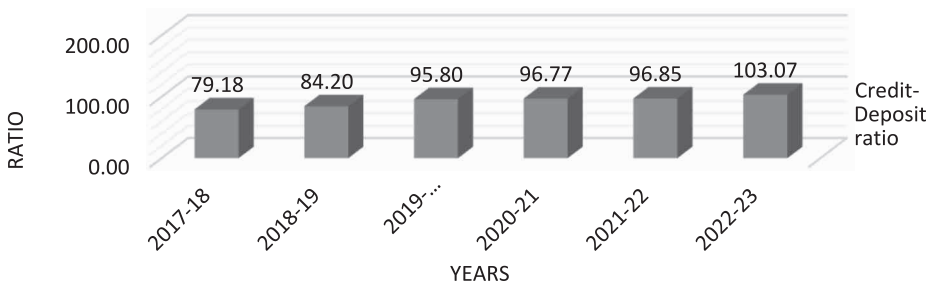


Table 1.2 Progress of the Bank during the Period 2017-18 to 2023

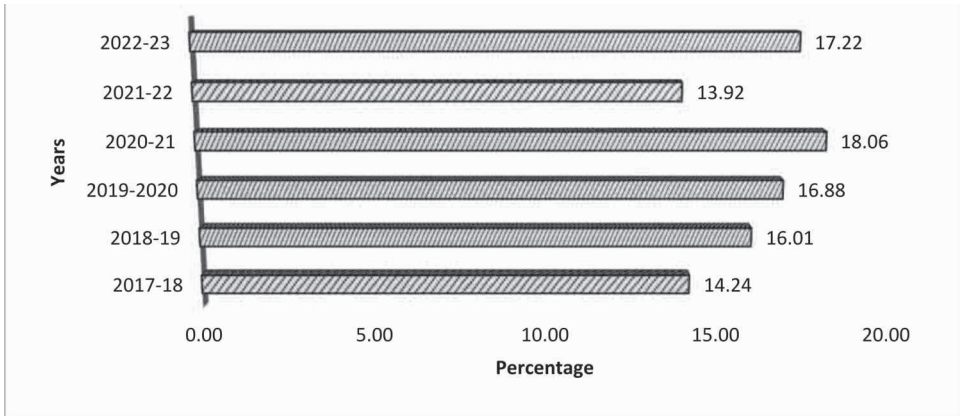
Progress of the Bank during the Period 2017-18 to 2023 (Amount in crores)						
Particulars	2017-18	2018-19	2019-2020	2020-21	2021-22	2022-23
Share Capital	450	504.35	583	629.64	722.8	789.79
Deposit	20553.9	23230.6	26933	27987.2	34764.4	37252.2
Borrowings	468.75	7587.63	7794	8574.76	10593	14786
Investment	2926.39	3719.51	4547	5055.62	4837.74	6414.7
Loans and Advances	16275	19561	25803	27082.1	33671	38395.2
Gold Loan	772.93	790	747	815	989	1186.43
Non Agri Loans	16891	17861	18902	19847.1	22781	28278
Overdue	1727	2012	1613	1913	2115	2741.13
Profit	8.44	28.25	44.95	52.13	6.33	62.03
Investment to Deposit ratio in %	14.24	16.01	16.88	18.06	13.92	17.22
Credit- Deposit ratio in number	79.18	84.20	95.80	96.77	96.85	103.07

The bank has focussed its attention on gradual growth in membership and increase in paid up share capital by the end of 2022. It has registered that there is an increase in deposits over previous year and the total Deposit with the society were ₹ 37252.2 crores presently. Through various Loan schemes it has disbursed loans and advances to the members. An outstanding loan as on 2023 was ₹ 38395.2 crores. Rates of interest charged on the loans were also reasonable. However, while disbursing the loans adequate security offered against the loan and repaying capacity of the borrower is always considered. An amount of ₹ 6414.7 crores has been invested in Kerala bank and other banks.

Chart 1.2–Credit- Deposit (CD) Ratio

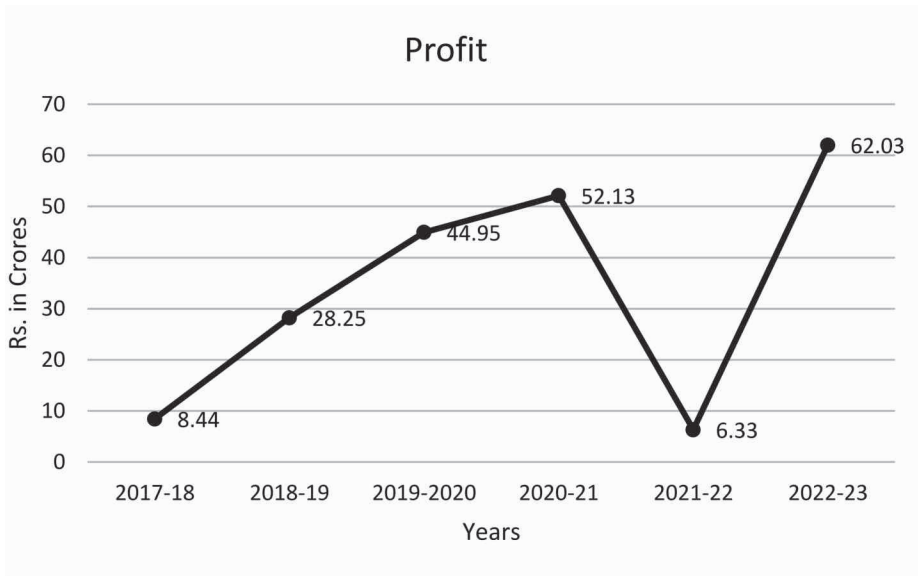
The CD (Credit-Deposit) ratio also plays an important role in deciding the profitability of a bank. As per the chart 1.3, the CD ratio increased from 79.18 in 2017-18 to 103.07 in 2022-23 hence the bank is in profit.

Chart 1.3 - Investment to Deposit ratio



The investment to Deposit ratio is very important since it denotes the availability of funds to serve the depositors at sudden or in adverse situation. Higher the ratio greater is the availability of funds for depositors. As shown in Chart 1.4, for the subsequent years the ratio is high, which means the bank is able to keep the interest of depositors safe and secure.

Chart 1.4 - Profit ratio



As per the chart 1.5, it can be inferred that from 2017-18 the bank was running in profit till 2020 but suddenly in 2021-20 the bank was not in profit due to COVID-19 Pandemic.

But regained the profit level on 2022-23 and still continuing with special efforts.

6. Conclusion :

The Bank has shown tremendous growth in deposits and advances and has been in continuous profit since its inception. The Bank has launched different loan schemes tailor-made to suit the needs of various types of customers. It has maintained quality in loan disbursement providing secured loans only and monitored recovery of loans in a proper manner. The procedures and various schemes have been simplified and relaxed to attract new customers and facilitate speedy disposal. The bank is providing investment opportunities to all sections of the people in the form of attractive deposit schemes and attractive interest rates. All five branches and the corporate office have been computerized and also the bank is committed to spreading the network of branches throughout the Kodyathoor Panchayat to provide banking services, satisfactory customer service with the latest technologies like RTGS/NEFT, Mobile banking, ATM facility. In a nutshell, this Bank is acting as a lifeline for the socioeconomic growth of the area as a whole.

Apart from the Banking business, the Kodyathoor Service Co-operative Bank has proved to be successful in all its area of business-like coconut oil factory, gas agency, petrol bunk, Medical Laboratory and polyclinic, Neethi Medicals, Agro Center, fertilizer depot, Consumer store, Neethi store, milk product stall, Frozen meat store, Bakery & Cool bar, Photostat Centers, Jenasevana Kendra, coconut & copra procurement and Steel and cement depo & Library. The agricultural sector contribution of the Bank are; Suvarnam - organic Vegetable market, Farmers Club, Coconut procurement Center, Paddy Cultivation Seminar, Haritham Sahakarnam project, Haritham Sahakarnam tree plantation, cattle feed loans, Interest-free poultry loan with cage, Milking machines loan, conduct seminars for coconut farmers. The bank has taken initiation in making a demo plot for turmeric cultivation in 5-acre demo plot and farmers are given training on turmeric cultivation.

In various means the society kept itself connected with its members and the local public. In this way, society has successfully repositioned itself and maintained its status of sound working.

7. Way forward

Collecting Paddy from Farmers for Supply : The bank intends to engage in procuring paddy directly from farmers. This involves purchasing the

harvested paddy from local farmers to supply it to Supply-Co, which might be a company specializing in rice or agricultural produce distribution.

Establishing a Rice Mill: The bank plans to set up a rice mill in the designated area. This mill is likely to process the collected paddy into rice, adding value to the raw product and making it ready for consumption or further distribution.

Integrated Farming with Heifer Park and Buffalo Unit: Integrated farming typically refers to a system where different agricultural activities complement each other. In this case, it could involve combining various elements like crop farming with animal husbandry (in this instance, with a focus on heifers and buffaloes). The integration might help in providing additional resources like manure for crop farming, or utilizing crop residues as feed for the animals.

Karshaka Sevana Kendram and Agro Park: "Karshaka Sevana Kendram" may refer to an agricultural service center or hub, potentially established by the bank or a related entity. Such centers typically offer various services and resources to farmers, like agricultural advice, access to equipment, training programs, and more. An "Agro Park" likely refers to an area designated for agricultural activities, which might include demonstration farms, research, or educational facilities.

Combining these elements suggests a comprehensive approach to agricultural development and support within the region, aiming to enhance farming practices, create value addition through processing facilities like the rice mill, and provide support services to local farmers through the Karshaka Sevana Kendram and Agro Park.

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