District Central Co-operative Banks (DCCBs)

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About District Central Co-operative Banks (DCCBs)

- A DCCB is a rural cooperative bank operating at the district level in various parts of India.
- It is established to provide banking to the rural hinterland for the agricultural sector, with the branches primarily established in rural and semi-urban areas.
- DCCB provides finance to all the co-operative societies in the district, and conduct the activities and provide banking services according to the provisions of the co-operative act and banking act.
- They act as a link between the primary credit co-operative society and the State Co-operative Bank.
- At the district level, DCCB works as a banker of state government. Educational institutions, Zilla Parishad, Panchayat Samiti, Gram Panchayat, cooperative societies, etc have accounts in this bank.
- All the financial transactions of co-operative sector are conducted through DCCB.
- DCCBs have three sources of funds:
    - Their own share capital and reserves
    - Deposits from the public and
    - Loans from the state co-operative banks

- The main functions of the DCCBs are
- To meet the credit requirements of member-societies
- To perform banking business
- To act as a balancing centre for the Primary Agricultural Credit Societies (PACS) by diverting the surplus funds of some societies to those which face shortages of funds
- To undertake non-credit activities
- To maintain close and continuous contact with PACS and provide leadership and guidance to them
- To supervise and inspect the PACS and
- To provide a safe place for the investment of the resources of PACs
- They also lend directly to the public for non-agricultural purposes within the area of operation of their branches.

Q1) What are Primary Agricultural Credit Societies (PACS)?

Primary Agricultural Credit Societies are the grass root level arms of the short-term co-operative credit structure. PACS deals directly with the rural (agricultural) borrowers, give those loans and collect repayments of loans given and also undertake distribution and marketing functions. They occupy a predominant position in the co-operative credit structure and form its base. It serves as the final link between the ultimate borrowers on the one hand and the higher financing agencies, namely the Scheduled Commercial Banks, and the RBI/NABARD on the other hand.

Source: RBI prescribe norms for closure of DCCB branches
