



EFFECTIVE BANKING SERVICES PROVIDED BY GRAMEENA BANKS IN TELANGANA FOR FARMERS

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ABSTRACT

Telangana Gramenna Bank is the one of the most effective Government bank in Telangana, which helps the farmers in every aspect. Bank has kept few schemes to the farmers which are most help full to them in farming. Rural banks are providing finance to the weaker sections of society like small farmers, rural artisans, small producers, rural laborers etc., to provide finance to co-operative e societies, primary credit societies, Agricultural marketing societies, Enhance and Improve banking facilities to semi urban, rural& other untapped market. The Telangana Gramenna Banks helps the rural people to come out from the financial problems and secured the financial assistance to agriculture in Telangana. The study concentrated on Telangana Gramenna Bank is of utmost importance in Telangana state to provide financial support to agriculture and performance of the bank in various Identified potential areas. This paper attempts to analyze the effectiveness of banking services provided to farmer during the period 2012-13 to 2013-2014 and 2014-2015. The study is based on the schemes provided by the bank for the farmers are how they are implementing it. An analytical research design of Key performance Indicators analysis such as number of Telangana Gramenna Bank Branches in Telangana, schemes implemented Deposits and Borrowing, Loans, Recovery performance and growth rate index is followed in this study.

Keywords: Banking services, Agriculture marketing societies, schemes for farmers, recovery performance.

INTRODUCTION

“Rural India is Real India and Rural Development is the Real Development of India” opined Gandhiji.

India is purely a rural populated country; nearly 68.84% per cent (83.3 cores) of the India's population dwells in rural areas. So, the economic development of the country depends on the development of the rural economy. The Indian Government well recognized this fact and instigated many programs for the up liftment of the rural poor. In all Five Year Plans of the country, with this reason, government of India is giving high priority to rural development programmer and RRBs occupy a predominant place in rural development. Regional Rural Banks were established under the provisions of an Ordinance passed on 26 September 1975 and the RRB Act, 1976 to provide sufficient banking and credit facilities for agriculture and other rural sectors. These were set up on the recommendations of the Narasimham.

The following are major functions of these rural financial institutions:

- To take banking to the doorsteps of the rural masses, particularly in areas without banking facilities;



- To mobilize rural savings and canalize them for supporting productive activities in the rural areas;
- To make available cheaper institutional credit to the weaker sections of society, (who are to be the only clients of these banks?)
- To generate employment opportunities in the rural areas.
- To bring down the cost of providing credit in rural areas.
- To encourage small business and rural artisans.

Money lenders in India are as old as its villages. A century ago, commercial banks have been involved in agricultural loans for nearly 50 years, the regional rural bank network is over 39 years old, and reforms in the banking system were triggered a decade back. Yet, credit flow to small farmers has remained far below needs, both for crop cultivation and for long term requirements such as land development, Irrigation and farm equipment as compared to the potential demand. The wide spread discontent among farmers has manifested itself in the form of mass voting against incumbent governments as also individual acts of despair such as farmers committing suicide, particularly in states like Andhra Pradesh, Telangana and Maharashtra. The structure of agricultural credit system in India shows in figure, which is self-explanatory.

LITERATURE REVIEW

The literature obtained by investigators in the form of reports of various committees, commissions and working groups established by the Union Government, NABARD and Reserve bank of India, the research studies, articles of researchers, bank officials, economists and the comments of economic analysts and news is briefly reviewed in this part. Lakshmi Narayana (1984)¹ in a study on regional rural banks in West Bengal found that the recovery work of overdue loans together with the normal work of processing new credit proposals and enlisting new borrowers hardly allowed the bank officials any time for guiding them in adopting improved farming techniques and making better use of credit. Singh and Upadhyya conducted a study on the (1984)² conducted a study on the loan recovery aspect of regional rural bank in Bihar. Crop failure, expenditure on marriage and other social functions in the family were considered important factors of non-payment of loans.

1. Lakshmi Narayana V. "Regional rural banks-problems and prospects A case study". Financing agriculture, 14(2), April-June, 1984, New Delhi, pp54-56.

2. Singh P.K. and Upadhyya, K.M., "A Study of loan recovery of Regional Rural Banks in Bihar" Financing Agriculture, 16(2) April-June, 1984 New Delhi, pp37-39.

Inadequate follow up measures and lack of serious attitude of borrowers towards repayment were also explained as reasons. While, Jagadeesh Prasad and Sunil Kumar (1985)³ in a study about regional rural bank in Bihar found that, the loans given to the poor were generally accepted as a dole or relief program, which was pointed out as the main reason for poor repayment.



Prasad(1985)⁴ in a study about Sri Visakha Grameena Bank in Andhra Pradesh revealed that regional rural banks were catering to the needs of rural society, Creating banking consciousness, but also serving as corner stone to the building of rural development.

A Study by Nagi Reddy and Rathna Kumar (1986)⁵ found that low yield, low market price for produce, repayment of other debts and other domestic expenditure as the main reasons for non-repayment of loan. While, better yield, desire to get future loans, persuasion by bank officials, etc. are the main reasons for prompt repayment. Rehman (1986)⁶ in his paper assessed the impact of the Grameena Bank on the existing rural power structure of Bangladesh.

The findings of the study indicate that Grammena bank members, being conscious of their status as opposed to the rural elites, have already developed a countervailing force to ensure their participation in the development process Balishter (1986) undertook a study to evaluate the performance of the Jamuna Gramin Bank. On the basis of the working results of the bank, it was concluded that, in the event of future expansion of rural banking, greater importance should be given to the extension and strengthening of the net-work of regional rural banks along with the expansion of branches of commercial banks.

3. Jagadish Prasad and Sunil Kumar,” Regional Rural Banks: A study “Kurukshetra,33(8),May 1985,New Delhi,pp31-33.

4. Prasad B.V.S,”credit and Rural bank: A case study: published M.Phil, Dissertation submitted to S, V.University, Thirupathi, 1985, pp89-91.

5. Nagi Reddy and Rtana Kumar “credit Repayment performance of borrowers of Regional Rural Banks: A case study” Southern Economist, July 1986, New Delhi, pp.15-17.

6. Rehman, A.”Impact of Grameena Bank Intervention on the Rural power Structure “Research monograph, Bangladesh Institute of 6, pp76-79 Development studies, No.61, Bangladesh, 198.

Another study by Rehman (1987) ⁷ highlights the factors which have contributed to the success of Grameena Bank Bangladesh, in reaching the poor through an innovative credit program. The design of the program, targeting the rural poor and women as clients, excellent implementation system, decentralized and participative management style and various other innovative polities were cited as the factors responsible for its success. An in depth household survey in five project villages and to control villages found that Grameena Bank members had incomes about 43 percent higher than the non-participations in the adopted project work village. This effect on the income attributed to the increase in income from processing and manufacturing, trading and transport services financed by the bank.

Objectives of the Study:

The following are the main objectives of the present paper.

- To study the growth-pattern and progress of the Telangana Grameena Bank during 2004-05 to 2013-14.
- To analyze the performance of Deccan Grameena Banking respect of its deposits and advances and NPAs during the period of 2004-05 to 2013-14.

Sl. No.	Year	Deposits	Advances	CD Ratio	Net NPA (%)
1	2005	932.14	559.14	59.98	4.73
2	2006	1011.44	605.93	59.91	4.75
3	2007	1261.75	750.49	59.48	1.64
4	2008	1444.18	1001.41	69.34	0
5	2009	1790.43	1296.38	72.41	0
6	2010	2261.05	1610.78	71.24	0
7	2011	2600.94	1966.16	75.59	0
8	2012	2920.67	2362.37	80.88	1.70
9	2013	3444.92	2775.46	80.57	0.86
10	2014	4155.43	3531.10	84.98	0.42
CAGR (%)		16.12	20.24	3.55	-21.51

Source: Compiled from various Annual Reports of TGB

The Schemes provided by the Telangana Grameena Bank to the Farmers

Product - Agricultural

KISAN CREDIT CARDS

- Crop loans Under Interest Subvention Scheme with lowest rate of interest.
- Kisan Credit Cards are issued to farmers – valid for three years Subject to Annual Review.
- Financing as per need of the farmers including Term loans.
- Revolving nature of operations.
- Farmers' savings are also accepted in the same loan a/c.
- Personal accident benefit for 1 year up to Rs.50, 000/- with borrower's premium of Rs.5/- (subsidized premium)
- Crop insurance under RKBY available for the identified crops.
- Weather Based Crop Insurance is implemented as per the Government of India instructions



• **MORTGAGE LOANS (against immovable property)**

1. Loans against Immovable Property (for others)

- Loan amount from Rs.1.00 lac to Rs.10.00 lacs.
- Loan up to 50% of the market value/ realizable value of the property, taking into consideration 3 years annual income of the mortgagor.
- Repayable in 84 EMIs OR Cash Credit for 3 years subject to annual review.

• **PRODUCE MARKETING LOANS**

- Loans up to Rs.10 lakhs against the warehouse receipts of State or Central Govt. warehouse receipts repayable in 12 months

• **BHOOMI VRUDHI (MANA OORU MANA CHERUVU)**

- NAME OF THE SCHEME: BHOOMI VRUDHI
- ELIGIBILITY: ALL THE FARMERS WHO WERE HAVING CROPLOANS WITH THE BRANCH FOR THE LAST 2 YEARS ARE ELIGIBLE.
- A SIMPLE DECLARATION BY THE FARMER.
- AMOUNT OF LOAN : maximum Rs.50,000/- (Rs.5000/- per acre)
- REPAYMENT: HALF YEARLY IN 6 YEARS.
- INTEREST : 12.5% PER ANNUM (HALF YEARLY RESTS)

Interest Rates - Revised Interest Rates are from 01.08.2016

The Revised Interest Rates on Term Deposits with effect from 01.08.2016

Sl. No.	Period	Interest Rates are from 01.08.2016
1	7 days to 14 days	6.00%
2	15 days to 45 days	6.00%
3	46 days to 90 days	6.75%
4	91 days to 179 days	7.00%
5	180 days to 210 days	7.25%
6	211 days to below 1 year	7.50%
7	1 year to less than 2 years	7.75%
8	2 years to less than 3 years	7.75%
9	3 years to below 5 years	7.50%
10	5 years to 10 years	7.25%



- The above rates are applicable for NRE deposits also.
- Senior citizens will get an additional interest rate of 0.50% over card rate for 1 year and above maturity.
- Staff will get an additional interest rate of 1.00% over the card rate.
- Revised rates on deposit are applicable on new deposits and also for the existing deposits on their renewal.

Basic Savings Bank Account in the Telangana Gramenna Bank

In order to make the basic banking facilities available in a more uniform manner across banking system, RBI has modified the guidelines on opening of basic banking „no-frills“ accounts. Accordingly, our branches are offering a “Basic Savings Bank Deposit Account” in lieu of No frill A/c with following minimum common facilities to all customers:

1. The **Basic Savings Bank Deposit Account** shall be considered a normal banking service available to all.
2. This account shall not have the requirement of any minimum balance.
3. The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn by Central /State Government agencies and departments;
4. While there will be no limit on the number of deposits that can be made in a month account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals
5. Facility of ATM card or ATM –cum-Debit Card.

The above facilities will be provided without any charges. Further, no charge will be levied for non-operation/activation of in-operative **Basic Savings Bank Deposit Account**.

The **Basic Savings Bank Deposit Account** would be subject to our Bank's instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time by the Reserve Bank of India.

Holders of **Basic Savings Bank Deposit Account** will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any other existing savings bank deposit account in the bank, he/she will be required to close the same within 30 days from the date of opening of a **Basic Savings Bank Deposit Account**.

The Interest Rates on Loans and Advances in Telangana Gramenna Bank

Interest rates on Loans and Advances

Particulars		Interest Rates w.e.f 25.04.2016	
1	CROP LOANS (KCC/ RMG /JLGs (land records to be obtained and scale of finance, Seasonality for disbursement to be adhered) On interest subvention for crop loans :		
	Upto Rs.1.00 lakh	7.00%	
	Above Rs.1.00 lakh to Rs.3.00 lakh	7.00%	
	Above Rs.3.00 lakhs	14.00%	
	For Crop Loans after the cut-off dates for repayment (after 12 months from the date of sanction/disbursement) and For Produce Marketing Loans:		
	Upto Rs.50,000/-	12.50%	
	Above Rs.50,000 to Rs.3.00 lakhs	13.00%	
	Above Rs.3.00 lakhs	14.00%	
2	TERM LOANS:		
	Up to Rs 2.00 lac	Up to Rs.1.00 lac 13.00%	
	Agricultural Term loans / Harvesters /APMIP) including water harvesting scheme.		
	Above Rs.2.00 lac	Above Rs.1.00 lac 14.00%	
Above Rs.5.00 lac			
i	Tractors / Harvesters for Agriculture Purpose		
	Rs.2.00lacs to Rs 5.00 lacs		
	Above Rs.5.00lacs to Rs. 25.00 lacs		
ii	Drip / Sprinklers under APMIP		
	SF / MF	12.00%	
	Others	13.00%	
3	SHG (thrift based / MCP based / Indiramma housing etc)	14.00%	
4	Non Farm Sector (Priority & Non-Priority) – Cash Credit or Term Loans : SME / TLSB / TISI / RT / P&SE / SRTO/BE etc.		
	Up to Rs.2.00 lakh	14.00%	
	Above Rs.2.00 lakh	14.00%	
	Mortgage Loans (MSME) up to Rs.50.00 lacs	14.00%	
	Above Rs.50.00 lacs	14.00%	
	Loans covered under CGTMSE	13.50%	
5	PER Segment		
	i	Education Loans	
		Upto Rs.4.00 lakhs	13.00%
		Above Rs.4.00 lakhs	14.00%
	ii	Housing loans :to public (including Loans to individuals under Indiramma Housing/ Urban Housing)	
	a	Upto Rs.30.00 lakhs: (special campaign up to 30.06.2016) Other than campaign period	9.75% 11.50%
	b	Above Rs.30.00 lakhs: Repayment upto 15 years special campaign upto 30.06.16 Other than campaign period	9.75% 12.00%
	c	Up to Rs.30.00 lakhs : Repayment > 15 years to 20 years Up to Rs.30.00 lakhs : Repayment > 15 years to 20 years (Other than campaign period) Above Rs.30.00 lakhs : Repayment > 15 years to 20 years (special campaign upto 30.06.16)	11.50% 12.25% 9.75%

iii	Personal loans (CDLs) Others	16.00%	
	Where Check-Off facility available	14.00%	
	Pensioners Loans	14.00%	
	Mortgage Loans:		
	Loans against Mortgage of immovable property up to 50 lakhs	15.00%	
	Loans against Mortgage of immovable property above 50 lacs	15.00%	
	General Credit Card (only up to Rs.25,000/-)	16.00%	
iv	Car loans	12.00%	
v	Jewellery loans:		
	Demand Loan:		
		special campaign up to 30.06.2016	11.50%
		Other than campaign	14.50%
	Over Draft	15.00%	
	Loans against NSC / KVP :	14.00%	
	Swarna Godavari scheme: (For 2 years)	13.75%	
vi	TGB Rent Plus Scheme	14.00%	
vii	MUDRA loans (Sishu)	10.22%	
vii	Loans against Bank's own TDRs (DL / CK/ OD) etc.	2% + TDR Rate	

Conclusion

India is primary agricultural based and rural density populated country compared with urban areas, which needs the financial assistance as well as rural friendly, policies to develop rural areas. The RRBs are playing a vital role in the development of rural and needy agriculture poor people in all spheres. The TGB is one of the growing banks in Telangana State to serve the poor agricultural farmers. The TGB will expand its branches all over the rural areas in Telangana to assists the farmer's financial plight. There is a consistent improvement in all the thrust areas of the bank.

The TGB is one of the mature banks in Telangana State, The TGB is one of the mature banks in Telangana State and The TGB expanded its branch network all over the rural areas of 5 districts in Telangana and performing well through its deposits and advances, in respect of NPAs and lending to priority sector. According to the profitability, the Telangana Grameena Bank, it may be said, is good and is growing at a healthy growth rate. It is found that there is a consistent improvement in all the key areas of the bank.

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