

**AN APPROACH TOWARDS THE ANALYSIS OF GRAMINA BANK  
SECTOR: TELANGANA GRAMINA BANK**

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**ABSTRACT:**

*Finance to the small farmers who fall under weaker is being provided by Rural banks, Rural banks also provide finance to rural artisans, small producers, rural laborers etc, finance was also provided to primary credit societies as well to cooperative societies, advanced and upgraded banking facilities were also provided to unapped market and also to backward and the area between rural and urban in respect to Agricultural marketing societies.*

*(RRB) Regional Rural Banks have come forward in the direction to take rural people out of financial problems and cultivation in India was also provided full support with the financial assistance. A survey of fully bodied in the new state called Telangana with Grameena investment firm has gained absolute significance in providing financial support to cultivation and achievement of investment firms in different recognized possible areas.*

*To reach uncovered and being former friendly, this paper focused on Continuous Rural development.*

*Key words: Telangana Gramina bank, rural bank, credit societies, cooperative societies*

**1.0 INTRODUCTION**

Even after nationalization at early 1970s, there was a feeling that issues of cultivation have become a major difficulty for commercial banks, even under the ownership of government, to give money to farmers.

Even under government ownership, to lend to farmers. However, Narasimham working group established in 1975 by government had taken up the issue of lending money to farmers According 1976 Act it was replaced by the Regional Rural Banks it was bought into existence on Gandhi Jayanthi in 1975 and Prathama Grameen Bank was also form.



As per the Regional Rural Banks Act 1976, Local Organization Banks have the legislative backing.

As per the act Government has set up the banks where ever and whenever it is necessary as per the time. Three entities with the respective shares which are as follows: Cenral Government --> 50%, State Government → 15%, Sponsored Banks → 35%, having rural ethos, Regional Rural Banks have formulated as low cost institution and these entities are owned Regional Rural Bank and Regional feeling and lack of focus.

Sponsorship was given to every local funding organization by “Public Sector Bank”, however, as per the internal sources, re-finance being provided by self sustaining institutions and these were expected from pre-emotions which were legal. Problems with Local Funding Organization There was a conflict due to the original assumption and banks have faced the losses within a short period of time Concept of Regional Rural Bank and their policy was to fund the weaker sections which belongs to rural society, interest rates were also very low, Cost of Profile was low and branches were also opened in several isolated and rural areas.12606 branches were opened by Regional Rural Banks, whereas the commercial motivation was not presented Expansion of (CDR) Credit deposit Ration was very quick during this period. In December 1986 it was declined gradually to 104%, which was 165% in 1976. Thereafter constantly (CDR) Credit Deposit Ratio. Questions were being raised about the bank's viability at later. The Khusrau Committee of 1989, noted that the weaknesses of RRBs are endemic to the system and non-viability is built into it, and the only option was to merge the RRBs with the sponsor banks. Only self-sustaining credit institutions could achieve the objective of weaker sections.

Sustaining has become a big challenge to (RRBs) Regional Rural Banks because of continuous losses due to the commercial policy which was not taken care.

No proof of justification was provided by RRB with the sponsor banks for continuance and their mergers recommended, it was clearly stated by Khusrau Committee (Agricultural Credit Review Committee)

Narasimham Committee on RRBs and their Recommendations.

The Narsimham Committee in 1990s also reiterated that the RRBs should be merged with the sponsor banks. In the year 1993, unprofitable RRBs were recorded as 172 out of 196. 40% loan was recovered and most of the RRBS loan could not be absorbed at that period of time, where the paid capital was 25 Lakhs



According to Narasimham committee permission should be granted Regional Rural Banks, it should not force to restrict their tasks carried to their target groups to engage with various types of banking business. Mergers of RRB should be associated with sponsor bank as recommended by Narasimham Committee.

But the “sponsor banks might decide whether to retain the identities of sponsored RRBs or to merge them with rural subsidiaries of commercial banks to be set up on the recommendation of the committee”.

Government permitted RRBs to do every type of business as recommended primarily.

Few measures were also taken as an initiation by (RBI) Reserve Bank of India.

If any branch of RRB is found to be in loss for more than years in a single location, RBI would take a step to relocate the RRB.

If the incremental lending is found to be less than 40%, there is a possibility of providing finance as a scope to non target groups. The limit was extended to 60 % finally in 1994.

Including jewel and deposit linked loans, consumer loans and home loans which comes under Regional Rural Banks which have been diversified into (NPS) Non Priority sector There were the efforts carried by NABARD, it also supports lending money which was supported by (SDC) Swiss Development Corporation. In respect to these banks SDC has also taken initiation to develop Human Resources.

Turnaround of RRBs: The above discussion makes it clear that most of the RRBs were making loss and had deviated from the original idea that had created them. Whereas there are few RRBs who can also make profits. Some reforms led the rise in the number of the profit making RRBs, most of their deposit ratio related to credit found to be low. Total loans which were disbursed by RRBs and the percentage to marginal and small farmers which was decreased has been combined. Level of Non Performing Assets in respect to Regional Rural banks proved to be high. Regional Rural Banks were not having any recommended capital to risk weighted asset ratio (CRAR) in early 2000s.

Over a period of time in 2005, Regional Rural Banks were asked to maintain 5% of capital to risk weighted asset ratio, as recommended by internal working group at the same time, RRBs were also expected to adjust themselves according to Basel-I standards.



## 2.0 ABOUT TELANGANA GRAMINA Financial Institution

Dated October 20<sup>th</sup> 2014, Central Government released a Notification No. SO2718 (E), "DECCAN GRAMEENA BANK was renamed as TELANGANA GRAMEENA BANK" In the entire state of Telangana Financial Institute's operations spread to 10 districts of Telangana State which covers the full state. Deccan Grameena Bank a financial institution, rendering their services to improve provincial areas and to uplift the rural poor for the people living under the poverty line.

The bank is in existence since 24th March 2006. Telangana Grameena Bank's (TGB) Shares and their details are as follows: 35% Share with SBH (State Bank of Hyderabad) 15% Share with Government of Telangana State and 50% Share with Government of India. In (5) districts Telangana Grameena Bank is running its operations, the five districts are: Adilabad, Karimnagar, Nizamabad, Ranga Reddy and Hyderabad of Telangana state, as a part of their operations financial help is also being provided in 1878 villages, tremendously in extension financial support has been extended to 330 branches and five Regional Offices in Twin Cities of Telangana State (Hyderabad and Secundrabad) from 30<sup>th</sup> March 2015.

The Bank has an efficient and committed workforce of 1373 staff members as on 31.03.2015. By 31.03.2015 with the net work of Rs. 484.39 Crores, operations proved to be running successfully in all five different states. Bank's primary importance is to lend the money to Agricultural Sector, by the operation which have been extended 311879 Credit Cards, operations proved to be running successfully.

The Financial Institution also a pioneer in micro finance (financing of Self Help groups). The Financial Institution has a customer base of over 32.70 lakh as on 31.03.2015. (FIP) Financial Inclusion Plan In FIP, a concept called Ultra Small Branches is being implemented in four different states named as: Rangareddy, Karimnagar, Adilabad & Nizamabad To implement the plan of Financial Inclusion in different states: Rangareddy, Karimnagar, Adilabad and Nizamabad, with 1526 Villages and their Population should be on or above 2,000 as per the (SBLC) State Level Bankers Committee. For 436 SSAs, appointed with CSPs which were covered with 1526 villages at operational areas under the concept of Sub Service Area Concept (SSA)

The Financial Institution offers the following pre-requisites to its valued customers.

1. The Bank has tailor-made products & services to meet the varied requirement of different types of rural and urban customers. Brief details of all the products & services are available in



this website. a) Loans & advances to small & marginal farmers, agricultural laborers, small entrepreneurs, artisans, persons of small means engaged in trade, industry & other productive activities.

B) Loans for Land development, Farm mechanization like Tractors, Power tillers etc.

C) All Minor Irrigation Schemes like Wells, Pump sets, Sprinklers, Drip Irrigation etc.,

D) Rural Housing, Mini Dairy, Commercial Dairy, Poultry, Goat & Sheep rearing, Pig rearing etc.,

E) Solar off grid, Dairy & Poultry Venture Capital funds in co-ordination with NABARD.

F) Personal Loans to the employees and general public like Clean Demand Loans, Housing Loans, Mortgage Loans, Education Loans, Rent+Loans to NRIs etc., g) Jewellery Loans to all public.

2. Core Banking Solutions will enable our customers to transact from anywhere & any branch.

3. National Electronic Funds Transfer (NEFT) facility is made available at all our Branches to enable customers to remit their funds to any bank/any branch in the country.

4. Transactions which are greater than Rs. 2,500/- are sent alerts of SMS (Small Message Service) as a part of security measure.

5. Term Deposits (compared to Commercial Banks) for rural savings for mobilizing and also for encouraging thrift/inculcating the savings habit among the people, higher interest rates are being offered.

6. The Money lending institution is extending personalized & satisfactory services to all its customers.

7. The Bank is a member of Banking Codes and Standard Board of India (BCSBI) and extending its services with transparent terms & conditions as per the stipulations of the BCSBI. Bank Codes and Standard Bank of India

8. Across the world at overseas centers, individual's Inward remittances were originated. These Inward remittances will be handled in all our branches, as a part of arrangement of money by Western Union Money Transfer scheme. Time financial assistance was provided to Rural artisans, laborers who does not have the land, small and micro entrepreneurs and also to women as an empowerment of farmers, above mentioned are the majored areas covered by Bank as a



part of functioning. Providing “Customer centric products” was the major concentration of the Bank aiming at Credit lined which also includes the advancement of operation in a area.

### 3.0 THE STUDY AND INVESTIGATION

Different studies have been conducted to see the functioning and performance of local banks in the country. Performance and working on Literature in India was little limited in respect to Regional Rural Bank. Various committees' reports and forms have been obtained by investigators in respect to Literature, Union Government, RBI, and NABARD has established work groups and commissions. News reviewed in this part: research studies, researches and its articles, officials related to bank, economic analysts and their comments, business analysts.

Few related reviews of literatures are as follows:

Comprehensive recommendations covering both the organizational and operational aspects are made in 1986 by Kelkar Committee

Several of these were incorporated as amendments to the RRB Act, 1976 such as:

1. Authorized capital of RRBs was Rs. 1 Crore to Rs. 5 Crore and rs. 25 Lakh to Rs. 25 Lakh to Rs. 1 Crore was the paid-up share capital which was an enhanced one
2. Regional Rural Banks Chairman will be appointed by the concerned sponsor bank by consulting NABARD.
3. Assistance to RRBs as a provision with a greater measure in training Regional Rural Banks staff an in providing financial assistance by sponsor banks, in the first five years of presence of RRBs.
4. Combination of RRBs in consultation with all the concerned parties and their provision
5. Permitting the sponsor banks to monitor the improvement of Regional Rural banks and also to organize internal audit, inspection etc.

To evaluate financial performance of RRBs in India, a survey is important, For the banks like TGB in the newly formed state.

To improve the working conditions of Regional Rural Bank in also TGB, observations / results were found to be very useful to the policy planners as per the current survey

The survey covers for a period of time from 2013 – 2014.i.e, after Globalization and amalgamation.



Performance of Regional Rural Banks was measure based on the survey in India with the individual focus on Telangana Grameena Bank. To fulfill the objectives of the study or survey of Telangana Grameena Bank and the performance related to different branches of TGB, a study is carried on. Secondary data is used by the present study in nature which is proved to be preparatory and characteristic.

Credits and investments deposits mobilized, district coverage, number of branches are the explicit areas where the study was restricted in TGB in the year 2013-2014.

The study is confined only to the specific areas like number of branches, district coverage, deposits mobilized, credits and investments made by the TGB for the year 2013-14.

#### **Key Performance Indicators of the Bank as on 31-03-2015 (Amout in Crores)**

S. N O	PARTICULARS	AS ON 31/03/2013	AS ON 31/03/2014	AS ON 31/03/2015
1	Deposits	3444.91	4155.43	4890.33
2	Advances	2775.46	3531.1	4162.54
3	C D Ratio	81%	85%	85.11%
4	Recovery	71.92%	73.91%	76.89%
5.	Profit	76.66	96.4	167.29
6	Branch Computerization	269 (100% CBS)	300 (100% CBS)	330 (100% CBS)

**REGION WISE BREAK-UP OF BUSINESS AS ON 31.03.2015,(Branch Net work is spread in the 5 districts of Telangana Region in the state of Telangana) (Amount in crores)**



S N O.	REGION	NO. OF BRANCH ES	DEPOSI TS	ADVA NCES
1	Adilabad	62	744.77	893.88
2	Karimnagar	65	875.18	742.82
3	Nizamabad	61	497.62	635.94
4	Hyderabad-I & Hyderabad- II	78	1232.14	757.84
5	Mancherial	53	876.72	669.73
6	GM Control	11	662.68	362.33
7	Head Office		1.22	100
<b>Total</b>		<b>330</b>	<b>4890.33</b>	<b>4162.5 4</b>

#### 4.0 CONCLUSION & FINDINGS

In comparison with urban areas India is mainly agricultural based and rural density It also requires financial help as well as agricultural friendly, guidelines to develop rural areas. In developing rural and poor people related to needy agriculture, regional Rural Banks, are playing a crucial role in all spheres.

To serve the poor agricultural farmers in Telangana state, Telangana Grameena Bank has grown as one of the major banks,

Telanga Grameena Bank is putting great efforts in helping the farmers of Telangana state by expanding its branches over all rural areas to over their financial crisis..

There is a consistent improvement in all the thrust areas of the bank. Rural banks need to remove lack of transparency in their operation which leads to unequal relationship between banker and customer.



To overcome this problem, there should be mutual understanding between Bank staff and customers. Banks have to identify the areas where the facilities are not available to customers and the operations to be started in following areas.

In order to retain potential and existing customers, in this competing era, concentration of Regional Rural Banks should be upon providing banking services, which should be speedy and qualitative.

Developed countervailing which forced to ensure the participation of members related to Grameena Bank as a part of development process., Grameena banks member's who are being conscious regarding their status as conflicting to small group of powerful people.

Based on the bank's working results, 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.

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