



PERFORMANCE OF REGIONAL RURAL BANKS IN INDIA A STUDY ON TELANGANA GRAMEENA BANK IN TELANGANA

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ABSTRACT:

The Regional Rural Banks were established “with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural labourers, artisans, and small entrepreneurs and for matters connected there with and incidental thereto”. The necessity of rural finance was felt to provide protection & reliance to rural people who rely highly on informal source of finance like moneylenders, landlords & traders etc. but they exploit farmers and small entrepreneurs by charging exorbitant rate of interest & force farmers to sell their product at low price to them. Rural people also face the risk of unpredictable production of crops due to high dependency on monsoon. The problems of finance suffer from lack of seeds, fertilizers, water supply and other facilities which lead to rural ineptness. Rural bank are providing finance to the weaker sections of society like small farmers, rural artisans, small producers, rural labourers etc, to provide finance to cooperative societies, primary credit societies, Agricultural marketing societies, Enhance & Improve banking facilities to semi urban, rural & other untapped market. The Regional Rural Banks help the rural people to come out from the financial problems and secured the financial assistance to agriculture in India. The study concentrated on Telangana Grameena 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 bank focused on the Continuous Rural Development, reaching the uncovered and being farmer friendly.

Key Words: Regional Rural Banks, Credit facilities to agriculture, Performance of APGVB, Economy.

INTRODUCTION

Agriculture financing is best done by financial Institutions that have the capacity to diversify across geographical regions, economic sectors and agriculture sub sector Agriculture is a major source of livelihood in India. In most of the cases, the Indian farmers are not able to meet the expenditure, because of low size of the holdings, low productivity,



low income and high level of consumption for domestic want. The majority of poor people living in rural areas. Agriculture financing is best done by financial Institutions that have the capacity to diversify across geographical regions, economic sectors and agriculture sub sector. Agriculture finance significance is to increase access to financial services for farmers and other enterprises in rural areas. In earlier days the agricultural finance is provided only by Co-operatives, land development banks and private money lenders. After nationalization of commercial Banks (1969) and establishment of Regional rural Banks in 1975 both banks are extending credit facilities for agricultural purpose. Regional Rural Banks have been in existence for around 39 years in the Indian financial scene. The institution of Regional Rural Banks (RRBs) was created to meet the excess demand for institutional credit in the rural areas, particularly among the economically and socially marginalized sections. "Combine the local feel and the familiarity with rural problems which the co-operatives possess and the degree of business organization, ability to mobilize deposits, access to central money markets and modernized outlook which the commercial banks have".

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OBJECTIVE OF THE STUDY

1. To analyze the financial performance of Telangana Grameena Bank.
2. To study the growth-pattern and progress of the Telangana Grameena Bank till date.
3. To study the national agriculture policy and programs in rural credit in India and the general particularly in Telangana State.
4. To analyze institutionalization of credit, Commercialization of agriculture and adequacy of credit flow for production and consumption purpose.
5. To study the national agriculture policy and programmes in rural credit in India in general particularly in Andhra Pradesh.
6. To analyze institutionalization of credit, Commercialization of agriculture and adequacy of credit flow for production and consumption purpose.
7. To analyze the performance of Telangana Grameena Bank.
8. Keeping the above objectives in view the researchers made an attempt to study the financing of agriculture sector with reference to APGVB in Telangana.

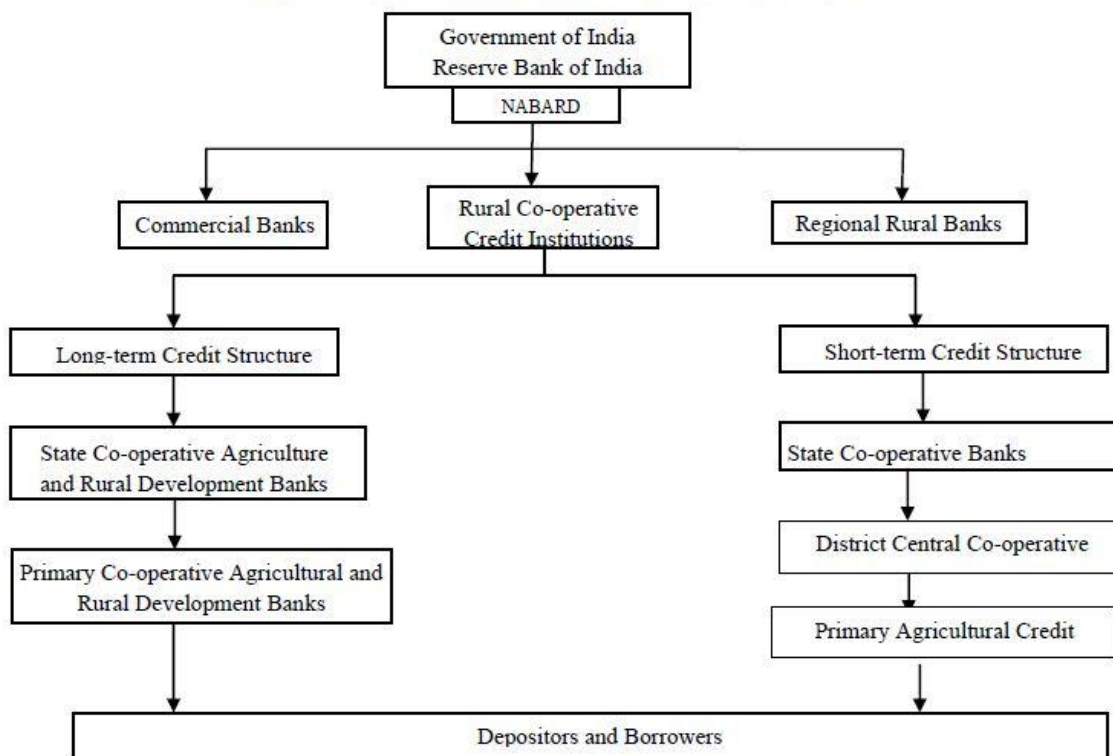
REGIONAL RURAL BANKS IN INDIA

Rural people in India such as small and marginal farmers, landless agricultural labourers, have been exploited in the name of credit facility by informal sectors. The rural credit market

consists of both formal and informal financial institutions and agencies that meet the credit needs of the cultivators in India. The informal sector advances loans at very high rate of interest; the terms and conditions attached to such loans have given rise to an elaborate structure of intimidation of economic and non-economic conditions in the rural population of India. The supply of total formal credit is inadequate and rural credit is inadequate rural credit markets are imperfect and fragmented.

Regional Rural Banks in India dates back to the years 1975. It's the Narasimham Committee that conceptualized the foundation of Regional Rural Banks in India. The committee felt the need of regionally oriented rural banks that would address the problems and requirements of the rural people in India. Regional Rural Banks were established under the provisions of an ordinance promulgated on 26th September 1975 and the RRB Act, 1975 with an objective to ensure sufficient institutional credit for agriculture and other rural sectors. The RRBs mobilize financial resources from rural/semi urban areas and grant loans and advances mostly to small and marginal farmers, agricultural labourers and rural artisans. The objectives of RRB are summarized as to provide cheap and liberal credit facilities to small and marginal farmers, agriculture, to save the rural poor from the money lenders, to act as a catalyst element and there by accelerate the economic growth in the particular region. To cater to the needs of the backward areas which are not covered by the other efforts of the Government.

FIGURE: STRUCTURE OF AGRICULTURAL CREDIT SYSTEM IN INDIA



Source: RBI

AGRICULTURE CREDIT SYSTEM IN INDIA



Money lenders in India are as old as its villages, agricultural credit cooperatives go back a century, commercial banks have been involved in agricultural loans for nearly 50 years, the regional rural bank network is over 38 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 and Maharashtra. The structure of agricultural credit system in India shows in exhibit, which is self explanatory.

BRANCHES PERFORMANCE

ORGANISATIONAL STRUCTURE, CATEGORISATION OF POSITIONS AND SPAN OF CONTROL

The Chairman will be the administrative head and will exercise overall control of all aspects relating to the functioning of the Bank. He will be responsible to the Bank's Board for all the affairs of the Bank.

The General Manager (Admin.) has been designated as head of the administrative set-up at the Head Office.

The General Manager (Credit) will be looking after the matters related to TFI and other credit related issues.

The Head Office administrative set-up comprises of ten Departments, headed by Chief Managers of the Bank:

1. Secretary/Manager to Board & Personal Secretary to the Chairman.
2. Accounts & Compliance
3. Planning & Development
4. Credit
5. Personnel & Human Resources Development
6. Information Technology Department
7. Inspection and Audit
8. Financial Inclusion
9. Recover

The operational control of all the 351 branches (other than Scale-IV Branches) has been divided into 6 Regions viz. Adilabad, Karimnagar, Nizamabad, Hyderabad-I, Hyderabad-II



and Mancherial which will be under the control of Six Regional Managers (I,II, III, IV, V & VI) stationed at Adilabad, Karimnagar, Nizamabad, Hyderabad and Mancherial respectively. There are twelve Scale-IV Branches as on 31.03.2016 which are under the direct control of the General Managers.

Key Performance Indicators of the Telangana Grameena Bank as on 31-03-2016

(Amount in Crores)				
S.No	Particulars	As on 31/03/2014	As on 31/03/2015	As on 31/03/2016 (Provisional & Unaudited)
1.	Deposits	4155.43	4890.33	5836.96
2.	Advances	3531.10	4162.54	4560.27
3.	C D Ratio	85%	85.11%	78.12%
4.	Recovery	73.91%	76.89%	89.58%
5.	Profit	96.40	167.29	106.08
6.	Branch Computerisation	300(100% CBS)	330 (100% CBS)	363 (100% CBS)

* The Gross Profit mentioned is before appropriation of provisions to Bad & Doubtful Accounts and Income Tax

REGION WISE BREAK-UP OF BUSINESS AS ON 31.03.2016

(Branch Net work is spread in the 5 districts of Telangana Region in the state of Telangana) (Amount in Crores)

S No.	REGION	No. of Branches	Deposits	Advances
1.	Adilabad	66	894.02	1064.81
2.	Karimnagar	69	1059.57	841.32
3.	Nizamabad	65	608.91	719.54
4.	Hyderabad-I	45	896.67	391.54
5.	Hyderabad-II	52	590.93	421.62
6.	Mancherial	54	1022.38	740.52
7.	GM Control	12	763.13	381.39
8.	Head Office		1.35	
TOTAL		363	5836.96	4560.27

TELANGANA GRAMEENA BANK
HEAD OFFICE:HYDERABAD
BALANCE SHEET AS ON 31-03-2015

Rs in 000s

CAPITAL & LIABILITIES	Schedule	As on 31.03.2015	As on 31.03.2014
Capital	1	40000	40000
Share capital deposits account	1 A	140723	140723
Reserves & Surplus	2	4663224	3511570
Deposits	3	48903262	41554270
Borrowings	4	12122479	9646933
Other Liabilities & Provisions	5	2651683	1978517
TOTAL		68521371	56872013
ASSETS			
Cash and Balance with RBI	6	2321445	2062092
Balance with Bank and Money at call and short notice	7	74653	155629
Investments	8	22416890	18106515
Advances*	9	41243050	34882854
Fixed Assets	10	233279	171558
Other Assets	11	2232054	1493365
TOTAL		68521371	56872013
Contingent Liabilities	12	748381	152719

* Advances shown are net of Provisions made on Non-Performing advances.





STATUTORY AUDITOR

Extracted from Books
FOR LAXMINIWASS & JAIN
Chartered Accountants
Firm Registration No: 001859 B
By - Ramesh Kumar
(B. RAMESH KUMAR)
PARTNER
M.No: 200304

PROFIT & LOSS ACCOUNT AS ON 31.03.2015

Rs in 000s

	Schedule	As on 31.03.2015	As on 31.03.2014
I. Income			
Interest earned	13	6097412	5002130
Other income	14	382057	352252
Provision Return Back		200500	
TOTAL		6679969	5354382
II. Expenditure			
Interest expended	15	3910924	3346410
Operating Expenditure	16	1096136	907868
Provisions and contingencies			120244
Amortisation of premium on Govt. Securities			15777
TOTAL		5007060	4390299
III. Profit & Loss			
Net profit / loss (-) for the year		1672909	964083
Less-PROVISION FOR INCOME TAX		517629	334896
Less:Deferred Tax		3626	7075
PROFIT AFTER TAX		1151654	636262
Appropriation of Profit			
Statutory Reserves		287913	159066
Capital Reserves		NIL	NIL
Balance of Profit		863741	477196
TOTAL		1151654	636262


GENERAL MANAGER (ADMN & IT)



Chairman



STATUTORY AUDITOR

Extracted from Audit
For LAXMINIWAS & JAIN
Chartered Accountants
Firm Registration No: 001869 B
B. RAMESH KUMAR
PARTNER
M.No: 200304



STATUS OF TGB

- TGB is a scheduled Bank
- TGB is a Government Bank
- TGB does all Banking transactions like any commercial Bank
- TGB Status is on par with any public sector Bank

CONCLUSION

The main objective behind the establishment of Regional Rural Banks for the development of rural economy by providing financial assistance to agriculture, trade, commerce, small and house hold industry through credit and advances are being met with the establishment of various area specific Regional Rural Banks. The Deccan Grameena Bank showed a good performance through deposits and advances in the backward districts of Telangana. The branch expansion as well as credit and deposits are shown an increasing trend in the study period. Though the bank's area of operations covers towns and metropolis, which is the main reason behind the fulfilling of the objectives of RRBs.

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 DGB is one of the growing banks in Telengana State to serve the poor agricultural farmers. The DGB 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.

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