



E-ISSN: 2278-4136
P-ISSN: 2349-8234
JPP 2019; 8(4): 1050-1055
Received: 19-05-2019
Accepted: 21-06-2019

Jitendra Kumar
Department of Agricultural
Economics, Chaudhary Charan
Singh Haryana Agricultural
University, Hisar, Haryana,
India

VP Metha
Department of Agricultural
Economics, Chaudhary Charan
Singh Haryana Agricultural
University, Hisar, Haryana,
India

DP Malik
Department of Agricultural
Economics, Chaudhary Charan
Singh Haryana Agricultural
University, Hisar, Haryana,
India

Growth and performance of RRBs in India and Haryana

Jitendra Kumar, VP Metha and DP Malik

Abstract

The history of Regional Rural Banks in India dates back to the year 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 the 26th September 1975 and the RRB Act, 1975 with an objective to ensure sufficient institutional credit for agriculture and other rural sectors. A change in sponsorship may improve the establishment of competition, work culture, efficient management of concerned RRBs. Within two decades of their existence, the RRBs had become financially weak and Government of India (GoI) initiated recapitalisation of the RRBs along with several other policy initiatives to give them operational freedom for enhancing their business opportunities and profitability. Subsequently, in September, 2005, GoI initiated the first phase amalgamation of RRBs, sponsor bank-wise, at state level. By March, 2015, RRBs of the same sponsor banks within a State were amalgamated bringing down their number from 196 to 56. Serva Haryana Gramin Bank came into existence on 29th November 2013 on implication of GOI Notification no. 7/9/2011-RRB dated 29.11.2013, regarding amalgamation of two RRBs viz. Haryana Gramin Bank & Gurgaon Gramin Bank under the Regional Rural Banks Act, 1976 (No. 21 of 1976) and the new entity called as Serva Haryana Gramin Bank with its Head Office at Rohtak (Haryana) sponsored by Punjab National Bank, the Leading Bank in Indian Banking This paper is based on secondary data, examining the growth and performance of RRBs in India and Haryana and performance of investment, credit, credit-deposit ratio and investment- deposit ratio, profitability, income expenditure and outstanding credit for priority sector, non priority sector RRBs during 2006-10 to 2017-18.

Keywords: Growth, performance, RRBs

Introduction

Regional Rural Banks were established under the provisions of an ordinance passed on 26 September 1975 and the RRBs Act., 1976 to provide sufficient banking services and credit facility for agriculture and other allied rural sectors. These were set up on the recommendations of Narasimham working group during the tenure of Indira Gandhi's government with a view to include rural areas into economic mainstream since that time about 70 percent of the Indian population was of rural orientation. The development process of RRBs started on 2 October 1975 with the forming of the first RRB, Prathama Bank. Furthermore on 2 October 1976 five regional rural banks were set up with a total authorized capital of Rs 100 crore which later augmented to Rs 500 crore. The main purpose of RRB's is to mobilize financial resources from rural or semi-urban areas and grant loans and advances mostly to small and marginal farmers, agricultural laborers and rural artisans. 25 RRBs have been amalgamated during January 2013 into 10 RRBs. At present 53 RRBs are working in India with a network 21422 branches. Sarva Haryana Gramin Bank came into existence after amalgamation of 2 RRBs namely Haryana Gramin Bank, Head Office, Rohtak (Sponsor by Punjab National Bank) & Gurgaon Gramin Bank, Head Office, Gurgaon (Sponsor by Syndicate Bank) vide Notification dated 29.11.2013. At present the Head Office of the Bank is at Rohtak. Sarva Haryana Gramin Bank operates in all 22 Districts of Haryana State. As on 15th Aug, 2017 Sarva Haryana Gramin Bank is having 650 Branches all over Haryana. The Bank is committed to the objective to cater the financial needs of rural masses to make them self-reliant and to facilitate them with better and safer saving opportunities, keeping in view the social responsibility with special care for weaker sections of the society.

Objectives

1. To examine growth and performance RRB in India.
2. To examine growth and performance Haryana Gramin Bank.

Correspondence
Jitendra Kumar
Department of Agricultural
Economics, Chaudhary Charan
Singh Haryana Agricultural
University, Hisar, Haryana,
India

Period of study: Growth and performance evaluation during the period 2005-06 to 2014-15.

Methodology: The study mainly based on secondary data which was collected by Annual report of NABARD, Haryana Gramin Bank and RBI report.

Importance of study: The study significances examine growth and performances of RRBs in India and Haryana its study useful policy planner to improve working efficiency RRBs.

Growth of RRBs in India

Data presented in table 2 showed progress RRBs which is significant in number of RRBs, branches and districts covered by them during the periods of 2005-06 to 2017-18 in India. It is clear that in (table 2) number of RRBs during the period of 2005-06 to 2017-18 decreased from 133 to 56, the maximum percentage (-27.82%) change in number of RRBs has been recorded in 2006-07 and On the other hand number of branches increased significantly i.e. 14372 to 21422 during the period of 2005-06 to 2017-18. The maximum percentage (10.42%) change in number of branches has been recorded during 2012-13. Moreover the number of districts covered by RRBs was increased prominently during the study period. RRBs covered 525 districts during 2005-06 but in 2017-18 it coverage had increased to 669, and the maximum percentage (11.23%) change in number of districts covered by RRBs has been recorded in 2007-08. The LGR & CGR of number of RRBs, branches and district cover were -7% & -7%, 4% & 3%, and 2% & 2% respectively.

Table 3 shows that in India, in recent years RRBs made considerable progress in credit, deposit, investment, C-D and I-D ratio of RRBs during the period of 2005-06 to 2017-18. The deposit of RRBs in India was increased Rs 71329.26 Cr. to Rs 371910 Cr. during from 2005-06 to 2017-18. The maximum percentage (21.29%) change in deposit has been recorded in the period of 2008-09. The credit of RRBs in India increased Rs 39713.24 Cr to Rs 226175 Cr. from 2005-06 to 2017-18. The maximum change in credit percentage (22.00%) has been recorded during 2006-07, as far as investment also increased year by year Rs 41182.18 to Rs 210984 Cr. from 2005-06 to 2017-18 and the maximum percentage (28.63%) in investment has been recorded in 20013-14. This table also displays credit- deposit ratio and investment- deposit ratio of RRBs fluctuate lot during the study period from 2005-06 to 2017-18. The LGR & CGR of deposit, Credit, investment, C-D and I-D ratio stood at 12% & 15%, 13% & 16%, 13% & 15%, 1% & 1%, and -11% & 0% respectively. The deposit, credit and investment has played a

key role in empowering the rural people through establishing banking sector services as an important source for promoting savings agriculturists, business men and women empowerment.

Table 4 showed that increased the outstanding credit for priority and non- priority sector by RRBs. in India during the periods 2005-06 to 2017-18. The priority sector lending increased from 31903 crores in 2005-06 to 183533 in 2017-18, with the maximum percentage in priority sector lending recorded in 2009-10 i.e. 23.67% and minimum percentage change has been recorded in 2015-16 i.e. -3.16%. On the other hand Non priority sector credit also increased from 7810 crores in 2005-06 to 42642 crores in 2014-15, with the maximum percentage change in non priority sector has been recorded in 2010-11 i.e. 23.67% and minimum percentage change has been recorded 2005-16 i.e. -6.15%. For that reason, total outstanding credit was increased greatly during study period. In the period 2005-06 it was 39713 crores but in 2014-15 they increase to 226175 crores. The maximum per cent change. In total outstanding credit recorded in 2006-07 i.e. 22.104 and minimum per cent has record in 2015-16 i.e. -3.66%. The LGR & CGR of Priority Sector Credit, Non Priority Sector Credit and Total credit stood at 13% & 16%, 12% & 15% and 13% & 16% respectively.

Table 5 Show that profitability of RRBs during the period 2005-06 to 2017-18 It is clear that table percent earning profit increase from 83.45% (2005-06) to 87.50% (2017-18).The net profit of RRBs in India significantly increase from 617 crore to 2218 crore in during the study period. Non performance assets (NPA) to loans outstanding of RRBs in India has changed during the period, the maximum percent NPA has been record in 2005-06 i.e. 6.76% where as minimum percent has recorded In 2011-12 i.e.3.50% As for as recovery of RRBs in India change during the period the maximum percent recovery has been recorded in 2013-14 i.e.81.90% and minimum percent has recorded in 2015-06 i.e.77.68%

Growth and performance of Sarva Haryana Gramin Bank

Haryana Kshetriya Gramin Bank (HKGB), the 1st Regional Rural Bank (RRBs) sponsored by Punjab National Bank (PNB) was established in Haryana on 2nd October 1975. Sarva Haryana Gramin Bank came into existence on 29th November 2013 after implication of GOI Notification number 7/9/2011-RRB dated 29.11.2013 regarding amalgamation of two RRBs Haryana Gramin Bank and Gurgaon Gramin Bank under the Regional Rural Banks Act., 1976 (No. 21 of 1976) and the new bank entitled as Sarva Haryana Gramin Bank with its Head Office at Rohtak (Haryana) sponsored by Punjab National Bank, the leading bank in Indian banking.

Table 1: List of amalgamated regional rural banks in Haryana

State	Sponsor Banks	New Regional Rural Banks	Amalgamated Regional Rural Banks
Haryana	Punjab National Bank	Sarva Haryana Gramin Bank	Haryana Gramin Bank
			Gurgaon Gramin Bank

The performance of SHGB in term of income, expenditure, profit and their percentage change from base year 2005-06 up until 2017-18 is presented in table 6. The branch expansion of Sarva Haryana Gramin Bank (SHGB) and percent change during study period 2005-06 to 2017-18. The number of branches were increased from 183 to 650 during 2005-06 to 2017-18, the minimum (0%) change in number of branches of SHGB has been recorded in 2006-07 and maximum (96.37%) change has been recorded in 2013-14 due to amalgamation

and the income during this periods was increased from Rs 8861 to Rs 137945 lakhs during 2005-06 to 2017-18; the maximum (152.53%) change in income has been recorded in 2013-14. On the other hand expenditure has been increased significantly i.e. from Rs 4025 to Rs 119696 lakhs during 2005-6 to 2017-18 with a maximum 153.50 percent change in recorded in the 2013-14. As far as profit made SHGB was concerned they increased Rs 2324 lakhs (2005-06) to Rs 18254 lakhs (2017-18), the maximum (153.50%) change in

profit covered by SHGB has been recorded in 2013-14. As far as profits made SHGB was concerned, they increased from Rs 2324 lakhs during 2005-06 to Rs 18254 lakhs in 2017-18 with a maximum (153.50%) change recorded in 2013-14. The maximum percentage change in income, expenditure and profit has been recorded in 2013-14 due to amalgamation of HGB and GGB into SHGB. The table also showed that LGR & CGR of branches, income, expenditure and profit stood that 13% & 11%, 20% & 26%, 21% & 33%, and 15% & 19% respectively.

Table 7 shows the performance of credit, deposit, C-D ratios and their percentage change from based years 2005-06 to

2017-18 of SHGB in Haryana. It is cleared that credit increased from Rs 84021 to Rs 849367 lakhs during 2005-06 to 2017-18, with the maximum change (91.16%) in credit during 2013-14. On the other hand, deposit has been increased significantly i.e. from Rs 91234 (2005-06) to Rs 1355645 lakhs (2017-18). The maximum change (156.60%) in deposit was recorded in the 2009-10. The C-D ratio of SHGB also varied during the study period, with the maximum 92.09 percent recorded in 2005-06. It is also recorded LGR & CGR of credit, deposit and C-D ratio at have 18% & 21%, 19% & 25%, -2% & -3% respectively.

Table 2: RRBs in India

Period	RRBs	Branches	Districts covered	% change RRB	% change Branches	% change Districts covered
2005-06	133	14372	525	-	-	-
2006-07	96	14422	534	-27.81	0.34	1.71
2007-08	91	14558	594	-5.21	0.94	11.23
2008-09	86	15010	616	-5.49	3.11	3.70
2009-10	82	15303	618	-4.65	1.95	0.32
2010-11	82	15658	620	0	2.31	0.32
2011-12	82	16170	620	0	3.26	0
2012-13	64	17856	635	-21.95	10.42	2.41
2013-14	57	19082	640	-10.93	6.86	0.78
2014-15	56	20024	644	-1.75	4.96	0.62
2015-16	56	20059	658	0	.14	2.17
2016-17	56	20920	662	0	4.47	0.60
2017-18	56	21422	669	0	2.39	1.05
Average	76.69	17296.62	618.07			
B	-5.27	668.08	10.45			
LGR	-7%	4%	2%			
CGR	-7%	3%	2%			

Sources: NABARD Annual Report 2005-06 to 2017-18

Table 3: Performance of RRBs in India in Cr.)

Year	Deposit	Credit	Investment	C-D Ratio	I-D Ratio	% change Deposits	% change Credit	% change Investment
2005-06	71329	39713	41182	55.67	57.73	-	-	-
2006-07	83143	48452	45666	58.27	54.92	16.56	22.05	10.88
2007-08	99093	58984	48955	59.52	49.04	19.18	21.73	7.20
2008-09	120189	67802	65909	56.41	54.83	21.28	14.94	-86.53
2009-10	142980	82221	76167	57.50	53.27	18.96	21.26	15.56
2010-11	166232	98917	86510	59.50	52.04	16.26	20.30	13.57
2011-12	186336	116385	95974	62.45	51.50	12.09	17.65	10.93
2012-1	211488	139652	108548	66.03	51.32	13.49	19.99	13.10
2013-14	239444	159406	139631	66.57	58.31	13.21	14.14	28.63
2014-15	279132	187843	156780	67.29	56.16	16.57	17.83	12.28
2015-16	273018	180955	162781	66.27	59.62	-2.19	-3.66	3.82
2016-17	313499	206538	169592	65.88	54.09	14.82	14.13	4.18
2017-18	371910	226175	210984	60.81	56.72	18.63	9.50	24.40
Average	196753.3	124080.20	108359.90	61.70	88.81			
b	23988.89	16221.51	13820.47	0.84	-9.53			
LGR	12%	13%	13%	1%	-11%			
CGR	15%	16%	15%	1%	0%			

Sources: NABARD Annual Report 2005-06 to 2017-18

Table 4: Outstanding Credit for Priority and Non -Priority by RRB in India (Rs. Cr.)

Year	Priority Sector Credit	Non Priority Sector Credit	Total	% change Priority Sector Credit	% change Non Priority Sector Credit	% change Total credit
2005-06	31903	7810	39713	-	-	-
2006-07	38527	9965	48492	20.76	27.59	22.10
2007-08	47304	11680	58984	22.781	17.21	21.63
2008-09	55448	12410	67858	17.21	6.25	15.04
2009-10	68567	14252	82819	23.66	14.84	22.04
2010-11	81352	17625	98977	18.64	23.66	19.51
2011-12	95542	20843	116385	17.44	18.25	17.58
2012-13	111812	25266	137078	17.02	21.22	17.77
2013-14	130215	29087	159302	16.45	15.12	16.21
2014-15	156310	31533	187843	20.03	8.40	17.91
2015-16	151364	29591	180955	-3.16	-6.15	-3.66
2016-17	171373	35165	206538	13.21	18.83	14.13
2017-18	183533	42642	226175	7.09	21.26	9.50
Average	101788.5	22143.77	123932.2			
b	13442.81	2754.484	16197.3			
LGR	13%	12%	13%			
CGR	16%	15%	16%			

Sources: NABARD Annual Report

Table 5: Profitability of RRB in India (Rs. in crore)

Year	No. RRB	Earning Profit No. of RRB	Earning loss No. of RRB	% Earning Profit No. of RRB	Net Profit of RRB	NPA to loans outstanding (%)	Recovery in %
2005-06	133	111	22	83.45	617	6.76	77.68
2006-07	96	81	15	84.37	625	6.55	79.80
2007-08	91	83	8	91.20	1027	6.05	80.84
2008-09	86	80	6	93.02	1335	4.13	77.76
2009-10	82	79	4	96.34	1884	4.14	77.85
2010-11	82	79	3	96.34	1715	3.66	79.12
2011-12	82	79	3	96.34	1857	3.50	80.63
2012-13	64	63	1	98.43	2273	5.03	81.60
2013-14	57	57	0	100	2694	6.1	81.90
2014-15	56	56	0	100	2781	5.72	79.47
2015-16	56	51	5	91.07	2745	6.15	79.50
2016-17	56	50	6	89.28	2018	6.45	82.55
2017-18	56	49	1	87.50	2218	N.A.	N.A.

Sources: NABARD Annual Report

Table 6: Financial performance of Sarva Haryana Gramin Bank in Haryana (in Lakhs)

Year	Number of branches	Income	Expenditure	Profit	% change Branches	% change Income	% change Expenditure	% change Profit
2005-06	183	8861	4025	2324	-	-	-	-
2006-07	183	11100	5185	3002	0	25.26	28.81	29.17
2007-08	185	13920	10233	3557	1.09	25.40	97.35	18.48
2008-09	191	16659	12190	4501	3.24	19.67	19.12	26.53
2009-10	204	26606	18611	6051	6.80	59.70	52.67	34.43
2010-11	229	37686	30078	7602	12.25	41.64	61.61	25.63
2011-12	251	37111	27933	8570	9.60	-1.52	-7.13	12.73
2012-13	276	45982	36640	9262	9.96	23.90	31.17	8.07
2013-14	542	116119	92884	23235	96.37	152.53	153.50	150.86
2014-15	550	116290	93154	23136	1.47	0.14	0.29	-0.42
2015-16	558	118104	102749	15354	1.45	1.55	10.30	-33.63
2016-17	610	124525	109210	15315	9.31	5.43	6.28	-0.25
2017-18	650	137945	119696	18254	6.55	10.77	9.60	19.19
Average	354.76	62377.54	50968.31	10781.77				
b	45.21	12332.86	10891.29	1627.83				
LGR	13%	20%	21%	15%				
CGR	11%	26%	33%	19%				

Sources: SHGB and NABARD Annual Report

Table 7: Performance of Credit and Deposit of Sarva Haryana Gramin Bank in Haryana (Rs lakh)

Year	Credit	Deposit	C-D Ratio	% change Credit	% change Deposit
2005-06	84021	91234	92.09	-	-
2006-07	89329	115152	77.57	6.31	26.21
2007-08	112856	132328	85.28	26.33	14.91
2008-09	148116	165265	89.60	31.24	24.89
2009-10	172155	424081	40.59	16.22	156.60
2010-11	227773	348101	65.43	32.30	-17.91
2011-12	259823	296753	87.55	14.07	-14.75
2012-13	294262	363666	80.91	13.25	22.54
2013-14	562532	870952	64.58	91.16	139.49
2014-15	668866	919304	72.75	18.90	5.5516
2015-16	677749	1013369	66.88	1.328	10.23
2016-17	743234	1203050	61.77	9.662	18.71
2017-18	849367	1355645	62.65	14.27	12.68
Average	376160.2	561453.8	72.89		
b	68849.81	108360.1	-1.73		
LGR	18%	19%	-2%		
CGR	21%	25%	-3%		

Sources: SHGB and NABARD Annual Report, C-D ratio = Credit-Deposit ratio

Findings

- The no of RRBs decrease from 133 to 56 during the study period due to amalgamation. The LGR & CGR of number of RRBs, branches and district cover were -7% & -7%, 4% & 3%, and 2% & 2% respectively.
- The deposit credit and investment of RRBs in India was increased Rs 71329.26 Cr, Rs 39713.24, Rs 41182.18 to Rs 371910 Cr., Rs 226175 Cr and Rs 210984 Cr. respectively during from 2005-06 to 2017-18, with the LGR & CGR of deposit, Credit and investment stood at 12% & 15%, 13% & 16% and 13% & 15% respectively.
- The C-D and I-D ratio of change with the LGR & CGR were 1% & 1%, and -11% & 0%.
- The outstanding credit for priority of RRBs in India increase from Rs 31903.24 Cr. to Rs 183533 Cr. where non- priority sector non- priority sector Rs 7810 Cr. and Rs 42642 Cr. during the study period, the LGR & CGR of Priority Sector Credit, Non Priority Sector Credit and Total credit stood at 13% & 16%, 12% & 15% and 13% & 16% respectively.
- The net profit of RRBs increases from Rs 617 Cr. to Rs 2218 Cr. during the study period.
- The No. of branches, Income, expenditure, and profit of Sarva Haryana gram in bank significantly increases during the study period with LGR & CGR of branches, income, expenditure and profit stood that 13% & 11%, 20% & 26%, 21% & 33%, and 15% & 19% respectively.
- The credits of SHGB significantly increases from Rs 84021 to Rs 849367 lakhs where deposits of SHGB from Rs 91234 to Rs 1355645 lakhs during the study period from 2005-26 to 2017-18. The LGR & CGR of credit, deposit and C-D ratio at have 18% & 21%, 19% & 25%, -2% & -3% respectively.

Suggestions

- SHGB should simplify the application form for loan and advances with minimum formalities so that large number of people can take loan and advances for productive purposes.
- SHGB should take appropriate steps to make awareness of various financing schemes with their benefits to the people so that they can borrow money as and when

required. It should organize awareness programmes, seminars and educate the rural people the district benefits of its different schemes of financing and investments.

- Timely crop loans are very vital in agriculture because the agricultural activities are more time- specific and weather- specific. So, the delay in approval and distribution of loan amount should be avoided.
- Effectiveness of agriculture crop loan before and after field visit certainly increase the proper utilization of the crop loan amount and ensure the timely repayment. It is observed that the follow up of agricultural crop loan is very weak especially after loan follow up. So, commercial bankers should ensure that there is effective follow up of crop loans.
- Credit limit should be increased to fulfill the credit gap. Because cover this credit gap, farmers are forced to borrow from non-institutional sources of credit.
- Extension of repayment period in terms of consecutive crop failure due to natural calamities is also required

Conclusion

This is conclude, number of RRBs in India has decrease due to amalgamation process and number of districts covered by RRBs increase year by year. This paper investigates performance of positive increase investment credit, deposit, C-D ratios and investment-deposit ratio. It also investigates increase outstanding credit for agriculture and non agriculture during the period. This paper also investigates profitability, non performance assets and recovery during the period 2009-10 to 2017-18. RRB successfully achieve its objectives like to take banking to door steps of rural households particularly in banking deprived rural area, to avail easy and cheaper credit to weaker rural section who are dependent on private lenders, to encourage rural savings for productive activities, to generate employment in rural areas and to bring down the cost of purveying credit in rural areas. Thus RRB is providing the strongest banking network. Government should take some effective remedial steps to make Rural Banks viable. Regional Rural Banks plays a key role as an important vehicle of credit delivery in rural areas with the objective of credit dispersal to small, marginal farmers & socio- economically weaker

section of population for the development of agriculture, trade and industry.

References

1. Bhatt, Kaushal A. Profitability analysis of Regional Rural Banks in India: With special reference to western region. *International Journal of research in computer application & Management*, 2013, 3(8).
2. Ibrahim MS. Performance evaluation of regional rural banks in India. *International Business Research*, 2010, 3(4).
3. Jariwala, Noronha. Performance of RRBs before and after Amalgamation. *International Journal of Research in Humanities and Social Sciences*, 2014, 2(5).
4. Jham Poonam. Banking Sector Reforms and Progress of Regional Rural Banks in India (An Analytical Study), Online published 11 January, 2012.
5. Kanika, Nancy. Financial performance evaluation of RRBs in India. *International Journal of Management & Information Technology*, 2013, 4(2).
6. Karam Pal, Jasvir Singh. Efficacy of Regional Rural Banks (RRBs) In India: A Conventional Analysis, JIMS-8M, Indian Journals.com, 2006.
7. Khankhoje D, Sathye M. Efficiency of rural banks: The case of India. *International Business Research*. 2008; 1(2):140-149.
8. Kumar Raj Growth and Performance of RRBs in Haryana, Anmol Publications, New Delhi, 1993.
9. Misra B. The Performance of Regional rural banks (RRBs) in India: Has past Anything to Suggest for future? Reserve Bank of India Occasional Papers, Reserve Bank of India, Mumbai, 2006, 27(1).
10. Rao DS. Reforms in Indian banking sector: Evaluation study on the performance of commercial banks. *Finance India*. 2007; 21(2):591-597.
11. Raman Thirumal. Factors influencing profitability of Regional Rural Banks (RRBs), *Journal of Banking Financial Services and Insurance Research*. 2011; 1(2):76-84.