Chapter - 3
Profile of Nanded District And
Marathwada Gramin Bank

3.1 Introduction:
This third chapter is devoted to the profile of the area under study i.e. Nanded district with special reference to Banking sector. This chapter also devoted to presentation of profile of Marathwada Gramin Bank. It covers the development of the concept of the Marathwada Gramin Bank and its organizational structure. This chapter is based upon secondary data.

3.2 Profile of Nanded District.
This chapter gives an overall introduction to the area under study and the rural condition. It covers a profile of Nanded district with a special reference to Agro Economic environment.

The Maharashtra State is divided into five divisions & 35 districts. for the purpose of administration. These divisions are known, as Pune, Nashik, Aurangabad, Amravati and Nagpur. Aurangabad division is known as Marathwada in which Nanded is one of the districts, along with this other seven districts are there namely Aurangabad, Jalna, Parbhani, Beed, Osmanabad, Hingoli and Latur.
The Nanded district lies in the South Eastern part of Marathwada region of Maharashtra State. The name Nanded is derived from its Sanskrit name *Nanditat*. In ancient period the district was included in Vidarbha region along with modern district of Amravati, Akola, Buldhana, Yeotmal and Parbhani. From the excavations in the neighbouring district of Ahmadnagar it is suggested that Nanded region was also inhabited in the early stone age with subsequent migrations, the region went through different rules formed by the rulers of ancient period such as Satvahans, Chalukyas of Badami, Rashtrakuta and Yadvas of Deogiri. Medieval period (like Bahamanis, Nizamshahi, the Moghals and Marathas) and modern period such as Nizam of Hyderabad and Britishers.

3.3 History & Geography:

Nanded is one of the seven districts of Marathwada region in Eastern part of Maharashtra and is considered as one of the historic place. Nanded city is situated on the banks of the river Godavari, there is Huzursaheb Gurudwara is in the memory of Shri Guru Gobind Singh the last priest of Khalsa. The ancient temples of Lord Dattatraya and Renukadevi are situated at Mahur in Kinwat Block which are near Nanded & being visited by people from all walks of life in India. Nanded district occupy an important place in the map of India.

The district has an ancient and historical background and the same dates back to Satvahan, Chalukya and Rashtrakula dynasty. The bank of the Godavari river, where Nandi- the Vahan of Lord Shiva is said to have performed
penance, came to be called the Nandi-Tat, which later changed into Nanded. It is also said the Nine Rishis known as Nand, performed penance on the bank of the Godavari river and hence the name Nand Tat. It also formed the boundary of the Nine Nanda rulers of the Magadha Empire.

The district had been under the Nizam rule and formed part of Nizam Rule up to 1948, and the Marathwada Region of Which Nanded is one of the district, got independence on 17 sep 1948. There are large number of religious places in the district of which important places are Huzur Saheb Gurudwara at Nanded. Lord Khandoba at Malegaon in Loha Taluka.

Nanded has also been referred to as Bhavatirth in the Puranas. It is also said that the fort at Nanded was of a king who belonged to the community of Gopals i.e. the keepers of cow-herds. In the old Nanded city there are many families which belong to the society of Gopals.

Under the Moghals region Nanded district was roughly compounded of. In 1724 the district was passed under Nizams sovereignty. More than one third district was jahagir area under the Nizams regions. The Nizam’s own estate was called ‘Sarf-e-Khas’ which along with the other jahagir were merged with the government area in 1949 under Hyderabad district and formed part of Hyderabad state. Consequent up on the integration of sarf-e-khas and jahagir area the boundaries of all the talukas were reconstituted in the year 1950. Two new Mahals were created one at Mukhed and other at Bhokar. In 1956 the
district of Nanded was transferred from Hyderabad state to Bombay state. The district forms a part of Maharashtra state since 1st May, 1960.

Some important aspects of the historical, geographic and socio-economic aspects of Nanded district are analysed here.

Location:

The district lies between 18.15 to 19.55 North latitude and 77.7 to 78.18 East longitude. It is the Eastern district of Marathwada Region of Maharashtra State and surrounded on the North by Yeotmal district of Vidarbha Region, on the west by Parbhani, Latur and Osmanabad districts, on the south by Bidar district of Karnataka State and on the East by Nizamabad and Adilabad districts of Andhra Pradesh.

The district has geographical area of 10528 sq. kms. Which is 3.41% of the total geographical area, urban area is 211.1 sq. kms. (2.81%) and, rest is rural area of 18370.9 sq. kms. (97.19%) out of this the area of NWMC is about 46.07sq/km.

Area and Topography:

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There are total 1580 urban/semi urban / Rural Centers, out of with Nell, residency. Total Grampanchayats in the district are 1307, of which 1125 Grampanchayats are independent and 182 are group Grampanchayats. There
are 13 Urban/ semi-urban centers; of which Nanded city has corporation and rest of 12 centers are having Municipal councils.

The district has 14 Agriculture produce market Committees of which in Nanded, Bhokar and Degloor Tehsils have two APMC’s each, Biloli Tehsils has three and Hadgaon, Kinwat, Mukhed, Kandhar and Loha Tehsils have one each.

Nanded city is the district Headquarters of the district having various State and Central Government offices and Headquarters of The Swami Ramanand Teerth Marathwada University, (SRTMU) since 1994, for the four districts namely Nanded, Parbhani, Latur and Hingoli.

The total Net Cultivated Area area of Nanded district is 10.33 lakh hectares, this is 69.67% of the total geographical area in the district out of which 0.70 lakh hectares representing about 10% belong to Nanded taluka. this is 70.20 % of the total geographical area in the taluka. the net cultivated area in Nanded taluka as compared to the district is only 10%.

The total Fallow Area of Nanded district is 0.85 lakh hectares, this is 8.19% of the total geographical area in the district out of which 0.15 lakh hectares representing about 18% belong to Nanded taluka. this is 15.6 % of the total geographical area in the taluka. the Fallow area in Nanded taluka as compared to the district is only 18%.

The total Forest Area of Nanded district is 0.98 lakh hectares, this is 9.48% of the total geographical area in the district out of which 0.012 lakh hectares representing about 1% belong to Nanded taluka. this is 0.01% of the
total geographical area in the taluka. the Forest area in Nanded taluka as compared to the district is only 1%.

The total Pasture Area of Nanded district is 0.50 lakh hectares, this is 4.9% of the total geographical area in the district out of which 0.043 lakh hectares representing about 8% belong to Nanded taluka. this is 0.04% of the total geographical area in the taluka. the Pasture area in Nanded taluka as compared to the district is only 8%.

The total uncultivable Area of Nanded district is 0.21 lakh hectares, this is 2.03% of the total geographical area in the district out of which 0.001 lakh hectares representing about 5% belong to Nanded taluka. this is 0.001% of the total geographical area in the taluka. the uncultivable area in Nanded taluka as compared to the district is only 5%.

The total Trees Area of Nanded district is 0.04 lakh hectares, this is 0.41% of the total geographical area in the district out of which 0.002 lakh hectares representing about 5% belong to Nanded taluka. this is 0.002% of the total geographical area in the taluka. the Trees area in Nanded taluka as compared to the district is only 5%.

Thus it can be noted that out of the total geographical area in the district as well as taluka. about 70% is net cultivated area and the area covered forest and pasture is also substantial.

Soil:
The district has black cotton soil which is highly fertile. All the Tehsils of the district have black soil, having high contents of Calcium, Manganese and Carbonates. However the soil lacks contents of Nitrogen, Phosphates Potash & also humus. The Soil has capacity of retaining high humidity and percolation.

On the banks of river Godavari, its tributaries and also on the banks of rivers Manjra and Manyad in Biloli Tehsil the quality of soil is high. The soil at the bottom of the hills is of poor quality in Kinwat Tehsil, Degloor Tehsil has high quality of black soil and in half parts, low quality soil. The 75% soil of Hadgaon Tehsil, Particularly on the banks of Penganga river, is highly fertile. In rest of the Tehsil i.e. Bhokar and Kinwat (except soil near the hills) the soil is black and superior. Due to reduction in rainfall during last few years, the water table has gone down and it ranges between 18 fact to 309 feet.

**Rivers:**

The important rivers of the district are Godavari, Manjara, Manyad, Saraswati, Penganga, Sita and Lendi. The river Godavari, which is the major river of the district, enters from western part of the district, and flows from middle part of the district towards Eastern part and finally centers in Nizamabad district of the Andhra Pradesh.

The major tributary of river Godavari is “Manjra” river, and it flows in the district from West to North and crosses the border of the district. the river Manyad flows in Kandhar Tehsil from West to East and makes natural border of Mukhed and Degloor blocks with Biloli block. The river “Saraswati” flows North
West to Eastern part of the district and finally meets to river “Godavari” at village Malkautha. The river “Asna” flowing to Eastern side meets to “Godavari” river at 5 kms. From Nanded city, on the left bank. The “Lendi” river flows is Degloor Tehsil from West to East and finally meets to river “Manjra” by changing route in the Tehsil. The Penganga river makes North border of the district and, flows from eastern side and finally meets river, “Wardha” in Yeotmal district.

**Climate and Rainfall:**

As per climate of the district, the year is divided in three parts. There is rainfall from June to September with warm winds. From October to February there is dry air and climate is cold. During October, the days are hot but from evening, the climate is warm. From November to January, there are intermittent rains and also cold waves. The climate gets hotter up from middle of March to May with Dryness.

The temperature and rainfall barometer has been installed at the center at Nanded and during 2001-2002 minimum temperature recorded is $13.9^0$ C with average temperature recorded being $41.6^0$ C. The major occupation in the district is rainfall Agriculture, Maximum rainfall of 12.67 mm has been recorded in Mahur block & Minimum of 661 mm in Himayatnagar block.

**Forests:**
The Total forest area of the district is 86.338 hectares, which comes to 8.38% of the total geographical area, and quite lower than 17.56% forest area of Maharashtra State. It is therefore necessary to increase forest area, which is being done by Forest and Social Forestry departments. The highest forest area is in Kinwat Tehsil which is 66.48 % in Bhokar Tehsil is 15.38 % Hadgaon Tehsil 7.53 % Nanded Tehsil 3.28 %, Kandhar Tesil 1.85 %, Biloli Tehsil 1.62%, Degloor 8.93% and Loha Tehsil 8.35%. The forest in the district, gives reasonable income to the State Government by auction sale of Teak Wood.

It can be observed from the above table that in Nanded district, The total population 23.26 lakh out of which 18.21 lakh is rural and 5.05 lakh is urban. Out of the total population 1.98 lakh belong to SC category and 1.78 lakh ST category.

Similarly in Nanded taluka, The total population 5.99 lakh representing 26% of the district out of which 1.61 lakh representing 9% of the district is rural and 4.38 lakh representing 87% of the districts is urban. Out of the total population 0.22 (11%) lakh belong to SC category and 0.8 (4) lakh ST category. The rural population in Nanded taluka is out about 33% of the urban population.

**Occupational Distribution:**

Agriculture is the main occupation of the people in Nanded district. The comparative data of Nanded district and taluka regarding occupational distribution can be briefly described as follows:
Out of the total population of 23.26 lakh of the district. 2.77 lakh representing 11.95% are cultivators, whereas out of the total population of 5.98 lakh of the taluka. 0.36 lakh representing 6.09 % are cultivators. The percentage of cultivators in the taluka as compared with the district 13 %.

It can also be observed that out of the total population of 23.26 lakh of the district. 2.46 lakh representing 10.56% are agri. labourers, whereas out of the total population of 5.98 lakh of the taluka. 0.32 lakh representing 5.30 % are agri. labourers. The percentage of agri. labourers in the taluka as compared with the district 13.

It can also be noted that out of the total population of 23.26 lakh of the district. 0.09 lakh representing 0.30% are Allied Activities (Agri), whereas out of the total population of 5.98 lakh of the taluka. 0.02 lakh representing 0.37 % are Allied Activities (Agri). The percentage of Allied Activities (Agri.)in the taluka as compared with the district 21.

Thus it can be noted that though a substantial part of the population is connected with agriculture, yet the percentage of the population connected with Allied Activities is negligible.

**Bank**

Bank is an important institutions that provides finance to all sector. Banks are increasingly catering to the needs f industrial and agricultural sectors. The lead bank of a district is actively engaged in. Opening bank offices in all the
important localities, providing maximum credit facilities for development in the
district; and mobilizing the savings of the people in the district. The details of
Banks in the Nanded district and taluka is shown in the following Table.

**Table No. 3.1**
**Bank Offices of Sample Area**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>District</th>
<th>Nanded</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>No</td>
</tr>
<tr>
<td>1</td>
<td>State Bank Group</td>
<td>38</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>other Public Sector Banks</td>
<td>35</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>Regional Rural Banks</td>
<td>58</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>Agri Dev. Branch 4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>D.C.C. Ltd.</td>
<td>172</td>
<td>35</td>
</tr>
<tr>
<td>6</td>
<td>MSCARDC Ltd.</td>
<td>9</td>
<td>1</td>
</tr>
</tbody>
</table>
There are 38 State Bank Group branches in Nanded district, out of which 10 is in Nanded taluka, which represent 26% of the district.

There are 35 other Public Sector Banks branches in Nanded district, out of which 21 is in Nanded taluka, which represent 60% of the district.

There are 58 Regional Rural Banks branches in Nanded district, out of which 11 is in Nanded taluka, which represent 19% of the district.

There are 4 Agri Dev. Branch branches in Nanded district, out of which 1 is in Nanded taluka, which represent 25% of the district.

There are 172 D.C.C. Bank Ltd branches in Nanded district, out of which 35 is in Nanded taluka, which represent 20% of the district.

There are 9 MSCARDC Bank branches in Nanded district, out of which 1 is in Nanded taluka, which represent 11% of the district.

There are 8 Urban Co-op. Bank branches in Nanded district, out of which 6 is in Nanded taluka, which represent 75% of the district.

Source: Socio-economic survey, Lead Bank Profile 2014
Table No. 3.2

Co-operatives of Sample Area

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Particulars</th>
<th>District Total</th>
<th>Nanded</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>Primary Agri. Credit Societies</td>
<td>965</td>
<td>123</td>
<td>13</td>
</tr>
<tr>
<td>02.</td>
<td>No. of PACCs own / hired of S.F.</td>
<td>116</td>
<td>10</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Socio-economic survey, Lead Bank Profile 2014

Table No. 3.2 Reveals that

There are 965 Primary Agri Credit Soci. branches in Nanded district, out of which 123 is in Nanded taluka. which represent 13 % of the district.

There are 116 No. of PACS Own/hired of S.F. branches in Nanded district, out of which 10 is in Nanded taluka. which represent 9 % of the district.

3.4 A Profile of Marathwada Gramin Bank:
The cooperative Movement made its appearance with a view to providing some relief to farmers in matters of agricultural credit through the principle of ‘mutual help’. The Cooperative Societies Act of 1904 gave an impetus to the formation of the cooperatives for agricultural credit, and the Act of 1912 made an attempt to extend the co-operative organization to non-agricultural credit as well.

The progress achieved by the cooperative credit movement was anaby the Maclagan Committee (1915). The committee recommended the formation of three tier organisation of cooperative credit which broadly provided the operational foundation for the cooperative movement. The three tier system of cooperative credit still had been playing a significant role in the sphere of agricultural credit institutions in the country.

The problem of co-operative credit to the farm sector and of farm credit have been diagnosed thoroughly a number of time since the inception of the co-operative movement. In the sense of instructive, it was the Gadgil Committee (1944) which perceived and appraised the problem of agricultural credit. It pointed out that the rural credit system, to be useful and effective, must pay special attention to the entire gamut of farmers’ credit needs for three fold purposes. The purposes are:

a) Short term credit needs so as to enable the farmers to continue with productive activities,

b) Medium term credit and long term credit for farm development
and

c) Distress credit required to withstand the situations created by calamities like floods, drought and crop failure.

The committee made a suggestion that the farmers credit requirements could not be viewed and attended to piecemeal. The credit requirements of them should be made available at a single window i.e., establishing a single institutional organization to provide integrated credit-short, medium and long term credit.

In view of the Green Revolution and modernisation of farm enterprise which started taking place in a significant path since 1966, it was felt that the cooperative by themselves and along would not be in a position to meet all the credit needs of the expanding farm sector. In other words, the cooperatives would not be equal to the tasks of meeting all the credit needs of farmers. This led to the acceptance of the principle of ‘Multi-Agency Approach’ to agricultural arena of agricultural credit. The measure of Social Control in 1968 and later on, the nationalization of the fourteen major commercial banks in July, 1969 was done as a first step in the direction of ‘Multi-Agency Approach’.

The entry of commercial banks in the field of agriculture credit has created problems instead of meeting the objectives for which they were brought into the field. In other words, they, instead of supplementing cooperative credit, weakened cooperative credit societies by taking away the business provided by farmers especially those enjoying irrigational facilities and
growing commercial crops. Secondly, the commercial banks meant to provide more credit in rural areas turned to the mobilisation of substantial savings especially from the richer sections of rural community. In other than deploying these funds in the vital sectors of the economy such as agriculture, small and village industries; and economically backward sectors. The commercial banks finance follow where enterprises lead. This was obvious. The Reserve Bank of India had to step in and fix a norm that the public sector commercial banks must ensure by March, 1979 that, at least, sixty per cent of deposits tapped by them in rural areas should be deployed in those areas only.

**Genesis of RRBs**

In spite of much progress in the availability of institutional rural credit to rural sector, a more determined effort was required to speed up the flow of institutional rural credit particularly to meet the needs of the weaker sections of the rural country. Keeping this background in view, the Banking Commission was appointed by the Government of India in 1972 which made a proposal for setting up a new type of rural banks to bridge the unfilled gap left out by the cooperative and commercial banks. The Commission noted that “in a large and complex situation in the field of rural credit in India there remains a large credit gap even after the maximum possible alternative should be tried”. In this context, it proposed the establishment of a new class of rural banks in those areas where the cooperative credit structure is weak.

Such rural bank; could be created in one of three possible ways:
1. By converting a selected viable primary agricultural credit society into the rural cooperative bank, or

2. By structuring a good primary agricultural credit society as a subsidiary of commercial banks, or

3. A commercial bank setting up its own subsidiary.

The then Prime Minister Smt. Indira Gandhi on declaration of emergency in the country in June, 1975, announced the “economic programme” aimed at devising alternative agencies to provide institutional credit to land less labourers, rural artisans; and small and marginal farmers under the programme to liquidate rural indebtedness of these classes of people. Accounting this and further the pursuance of the Banking Commission proposal, the Government of India appointed of Sri. M. Narasimham to examine in-depth the setting up of a new type of rural banks. The Working Group observes that “in a country of a size and regional diversity as ours, no single pattern, be in commercial banks or cooperative banks can be expected to meet all the emerging requirements in all areas. A degree of adaptation and improvisation is called for and the expected to meet all the merging requirements in all areas. A degree of adaptation and improvisation is called for and the range of institutional alternatives widened”. Thus, the State sponsored, regionally based and rural oriented commercial banks have taken birth in rural India which popularly known as “Regional Rural Bank (RRBs)”. 
On a pilot basis only five such model banks, instead of immediately making a pattern for reorganisation of existing rural credit institutions as a whole, were started in five districts on the eve of 106th Anniversary of Mahatma Gandhi, October 2, 1975 for the first time in the country. The five regional rural banks are:

1. Prathama Bank, Moradabad (Uttar Pradesh)
2. Gorakhpur Kshetriya Grameena Bank, Gorakhpur (Uttar Pradesh)
3. Haryana Kshetriya Grameena Bank, Bhwadi (Haryana)
4. Jaipur Nagpur Anchalik Grameena Bank, Jaipur (Rajasthan) and
5. Gaur Grameena Bank, Malda (West Bengal)

Regional Rural Banks Act

The Regional Rural Banks Ordinance Act of 1975 was promulgated by the president of India on September 26, 1976. It was subsequently replaced by the Regional Rural Banks Act of 1976 dated February 9, 1976 and came into force with immediate effect. All the regional rural banks are to function under the guidelines framed, subject to change from time to time and control in the Act with a view to develop the rural economy.

Salient Features

The salient features of Marathwada Gramin Bank are given below:

1. Jurisdiction

A regional rural bank operates within the specified district/districts in a State and establishes its branches within the local limits of its area of operation.
Generally, the regional rural bank operates in an area of one to five districts with homogeneous agro-climatic conditions and rural customers. The branch office of regional rural bank normally covers one to three blocks and will be in a position to finance five to ten Farmers Service Societies. Marathwada Gramin Bank has Marathwada as its area of operation. Originally it covered five districts of Marathwada i.e. Aurangabad, Parbhani, Nanded, Beed, Osmanabad. Lateron RRB for Aurangabad & Jalna District was seperately formed as such the present Marathwada Gramin Bank covers the remaining districts.

2. Sponsorship

Each regional rural bank is sponsored by a scheduled commercial bank (mainly, a public sector bank). It is established at the initiative taken by the sponsoring bank in consultation with both the State Government and under license from the Reserve Bank of India. The sponsoring bank assists the regional rural bank in several ways such as subscription to its share capital, extension of managerial and staff assistance is available for the five years of its existence under such section (3) of section 3 of the Regional Rural Banks Act. However, there is no time bar for extending refinancing facility. The Marathwada Gramin Bank is sponcered by Bank of Maharashtra.

3. Structure

Cooperative credit sector is in close touch with the local people as its vested interest lies in the Board of Directors who will be elected on the principle of democracy. A sense of local feel of the village society exists in the co-
operative credit institutions whereas professional management of banking business exists in commercial banks. A degree of democratise in the cooperative institutions and professionalism in commercial banks sustained their functioning. The true spirit of ‘ism’ was missing in the rural credit institutions which affected the quality of effectiveness of them. And therefore, it was envisaged to have a new rural credit institution combining the local feel possessed by the cooperatives and the banking business aiming to mobilise deposits look which the commercial banks have. Thus, the regional rural banks, were born inheriting the ‘good features’ of cooperatives and commercial banks. They are not to supplant but supplement the other rural credit institutions in the field of rural credit. The chart given below gives a broad idea about the regional rural banks’ channel for supply of rural credit. Structure of Marathwada Gramin Bank is accordingly designed.

4. Capital base

Each regional rural bank shall have the authorised capital of rupees one crore divided into one lakh fully paid up shares of rupees hundred each. The authorised capital may be reduced or increased by the Central Government after consulting the Reserve Bank of India and the sponsoring bank. However, it shall not be reduced below rupees twenty-five lakh. It is subscribed by the Government of India, the sponsoring bank and the State Government in the proportion of fifty per cent, thirty five per cent and fifteen per cent respectively
under subsection (2) of section 6 of the Regional Rural Bank Act. But there is no provision for the participation of local institutions and individuals. The shares shall be deemed, to be included among the securities enumerated in section 20 of the Indian Trust Act, 1882. Further they shall be deemed to be approved securities for the purpose of the Banking Regulation Act, 1949. The capital base of Marathwada Gramin Bank is accordingly decided.

5. Banking Business

Marathwada Gramin Bank shall carry on and transact business of banking as defined in clause (b) of section 5 of the Banking Regulation Act, 1949 and may engage in one or more forms of business specified in sub-section (1) of section 6 of the Regional Rural Banks Act. These banks have equal status on par with the scheduled commercial banks and are empowered to grant crop as well as term loans through their branches:

a. Directly to small and marginal farmers, agricultural labourers, rural artisans, small entrepreneurs and persons and small means engaged in any productive activity and can also provide loans for consumption purposes and

b. Indirectly to all primary agricultural credit societies, farmers service societies, primary non-agricultural co-operative societies operating within its area of operation.

6. Special Privileges
Marathwada Gramin Bank for the better functioning as a regional rural banks, during their initial period, gets a number of privileges, such as:

1. The rate of interest payable by the region rural banks on the deposits invested in them is uniformly higher by a half per cent than the rate payable by the scheduled commercial banks for all period of maturity upto five years.

2. For every hundred rupees of loan lent by the regional rural banks, rupees fifteen should be from their own lendable resources (paid up share capital and deposits).

   The balance of rupees eighty-five is financed by the Government of India to the extent of rupees fifty and by the sponsoring bank to the time of thirty five rupees.

3. The regional rural banks can avail themselves of refinancing facility from the Reserve Bank of India at two per cent below the Bank Rate. Further the regional two per cent below the Bank Rate. Further the regional rural banks like commercial banks have also been made eligible for ‘accommodation’ against a mere declaration of eligible loans and advances by them. Apart from this, each regional rural bank has been sanctioned ‘ad hoc’ limit of rupees ten lakh for refinance scheme.

4. The regional rural banks are eligible to be financed from the two special funds created by the Reserve Bank of India namely, National Agricultural
Credit (Long Term Operation) Fund and National Agricultural Credit (Stabilisation) fund.

5. The facilities offered by the Deposit Insurance Corporation of Indian have been extended to the Regional Rural Banks upto rupees twenty lakh of deposits with them.

6. The regional rural banks are permitted free transfer of funds between the Head Office and their different branches through the branches of the public sector banks, operating in the areas covered by the regional rural banks.

7. As far as cash requirements is concerned, the regional rural banks have to maintain a minimum cash reserve ratio three per cent of their total demand and time liabilities. With regard to the minimum statutory liquidity ratio of eligible assets, they are required to maintain twenty five per cent of demand and time liabilities.

8. The regional rural banks are deemed to be cooperative societies for Income Tax Purpose. In other words, they are not liable to income Tax on their income.

All these privileges available to Regional Rural Banks are also available to Marathwada Gramin Bank.

7. **Organisational Setup**
The organizational setup of Marathwada Gramin Bank is same as other regional rural banks. The distinctive organisational characteristics features of regional rural banks are:

1. The regional rural banks are sponsored by commercial banks preferably by the public sector commercial banks.
2. The Central Government exercises more control in the affairs of regional rural banks.
3. The chairman will invariably be appointed by the Central Government.
4. The purpose of regional rural banks is to help the small farmers, agricultural labourers, rural artisans and the weaker sections in rural areas.
5. The regional rural banks are to carry on their business according to commercial principles and also in the public interest.
6. Local persons should be recruited for managerial, technical and clerical cadres.
7. The regional rural banks have been conceived as low cost institution for achieving the socio-economic aims.
8. Refinance facility, equity contribution and managerial subsidy in the form of free-cost staff recruitment and training facility are got from the sponsoring bank.
9. The regional rural banks are supported by the Government but sponsored by the commercial banks.
Objectives

The regional rural banks are regionally based and rural oriented scheduled commercial banks, combining local feel and familiarity which cooperative possess and the organizational competence and business acumen of commercial banks. The main objectives of the regional rural banks are.

1. To provide integrated credit to;
   a. Agriculture
   b. Commerce
   c. industry
   d. Other production ends

2. To mobilise deposits in rural areas.

3. To expand branch banking in remote and unbanked areas.

4. To improve the socio-economic conditions of rural people;
   a. small farmers
   b. marginal farmers
   c. agricultural labourers
   d. rural artisans
   e. small entrepreneurs
   f. other rural households of small means
Management of Marathwada Gramin Bank:

Management of Marathwada Gramin Bank is the life-giving force of any concern. It is no exception to banking concern. Management knits the business enterprise into an entry, inspires it and drives it forward to its objectives. It is concerned with creating the conditions and relationship which bring about the full utilisation of all resources of an enterprise. Plainly stated, the banks have to pursue sound banking policies while endeavoring to achieve social aims. The regional rural bank an enterprise formed applying the rule of democracy and directly intended to serve both its own borrower-members and community as a whole. And therefore, the regional rural banks have to equip themselves with the needed quality of management.

The management of the affairs and business of a regional rural bank shall vest in a Board Directors who may exercise all powers and discharge all the functions on business principle in the public interest. The constitution of the Board of Directors is subject to the provisions contained in Sec. 10 A(2) of the Banking Regulation Act, 1949. The provisions contained in Section 10 A(2) are as follows:
Not less than fifty one percent of the number of members of the Board of Directors shall consist of persons who shall have special knowledge or practical experience.

Not less than fifty one per cent of the number of members of the Board of Directors shall consist of persons who shall have special knowledge or practical experience with respect of one or more of the following matters namely.

- Accountancy,
- Agriculture and rural economy,
- Banking,
- Cooperation,
- Economics,
- Finance,
- Law,
- Small scale industry; and
- any other matter, the special knowledge of, and practical experience, which would, in the opinion of the Reserve Bank of India be useful to the Banking Company. Of the said fifty one per cent of the total number of members of the Board of Directors, not less than two shall be persons having special knowledge or practical experience in:

1. Agriculture and rural economy; and
2. Cooperation or small scale industry Clause (b):
No one of the said fifty one per cent of the total number of the Board of Directors should have substantial interest in any company, not being a company registered under section 25 of the Companies Act, or firm carrying any trade, commerce, or industry not being small scale industrial concern or should be proprietor of any trading concern or industrial concern, not being a small industrial concern.

The programme of management in respect of regional rural banks deals with

1. The Board of Directors and the appointment of Chairman
2. The meeting of the Board
3. The appointment of the committee of the Board and
4. The decision making and functions of the Board. Board of Directors and Chairman

Regional rural banks are managed by a nine-member Board, one of whom is chairman appointed by the Central Government. Provision is made for bigger Board than nine-members depending on the size, resources and area of operations. This is subject to the approval of the Central Government. However, the strength of the Board does not exceed fifteen in aggregate. The Board consists of the following Directors.

1. One chairman appointed by the Government of India on the recommendation of the sponsoring bank which recommends a person among its employees for the post.
2. Three Directors are nominated by the Government of India under section 9(1) (a) of the Regional Rural Banks Act.

3. Two Directors are nominated by the State Government under section 9 (1) (b) of the Regional Rural Banks Act.

4. Three Directors are nominated by the sponsoring bank under Section 9(1) (c) of the Regional Rural Banks Act.

Persons who have been adjudicated insolvent or have suspended payment etc. or are unsound mind or convicted by the criminal court for an offence involving moral turpitude and disqualified from being nominated as Directors.

The Directors other than the Chairman shall hold office for such period not exceeding two years from the date of assuming charge and may, on the expiry of the said period, continue to hold office until his successor has been nominated. The Chairman shall hold office for the period not exceeding five years subject to the provision of section 11(4) of the Regional Rural Banks Act. The Chairman and the other Directors are eligible for re-appointment and re-nomination for the above positions respectively.

The Chairman of regional rural bank is the chief executive officer and is to exercise such powers and discharge such duties as may be delegated to him by the Board. In the business of the regional rural bank, the Board and other employees are to perform such duties without fail.

Management structure
The Board of directors consist of 9 members headed by a chairman. The number of director could be raised upto 15 with the approval of Government of India. The chairman is appointed under sub-section (1) of section (11) of the act by the central Government. In addition to the chairman, the central government nominates three directors, the state government nominates two directors and remaining three directors nominated by sponsored Bank. The number of officials and other employees may be recruited directed by RRB. The remuneration payable of staff of RRB should be on par with salary structure of the employees of the state Government and local authorities comparable level and status in the area of the RRB. The structure of remuneration is generally lower than that applicable to the staff of sponsored bank.

In order to help the RRRBs to engage trained staff are early as possible, the Reserve Bank has undertaken the task of providing training facilities to the chairman and bank managers of the RRBs. It is also decided that the Reserve Bank will provide training facility to clerical and field staff at the training centers of the respective sponsor banks under the overall supervision of the college of Agricultural Banking.

It was found that distribution of respondents according to size of holdings in the sample study was 173 landless and 77 land holders (which includes 40 marginal farmers and 37 small farmers).

Report of the Working Group on Technology Upgradation of RRBs
The Working Group on Technology Upgradation of RRBs reviewed the present status of computerisation in RRBs and advocated against a ‘one strategy fits all approach. The major recommendations of the Group for smooth migration to CBS by RRBs, inter alia, include the following:

(i) RRBs which had achieved 100 per cent branch computerisation should implement CBS in all their branches by September 2009. 20 RRBs fall in this category.

(ii) The remaining RRBs should implement CBS in at least 25 per cent of their branches by September 2009 and at least 50 per cent of their branches by September 2010. The remaining branches should be covered by September 2011.

(iii) All new branches opened after September 2009 should be CBS-compliant from day one.

(iv) The respective sponsor banks should be given the option of selecting the service provider for their RRBs.

(v) RRB branches in remote areas could use solar power once CBS was implemented.

(vi) RRBs should be provided funding support for adoption of CBS, with the sponsor bank contributing 25 per cent of the cost involved and the remaining being met by the Reserve Bank through the Institute for Development and Research in Banking Technology (IDRBT). The support could be in the form of interest free loans repayable in three years.
Recapitalisation of RRBs

It was announced in the Union Budget 2007-08 that the RRBs with negative net worth would be recapitalised in a phased manner. The performance review of all RRBs undertaken in July 2007 revealed that out of 96 RRBs (46 amalgamated and 50 stand-alone), 29 (11 amalgamated and 18 stand-alone) had negative net worth amounting to Rs.1,857 crore including the share capital as on March 31, 2007. After July 2007, two RRBs with negative net worth were merged with two other RRBs of the same State and sponsored by same banks, thus, resulting in formation of two new entities with no negative net worth. As a result, the number of RRBs having negative net worth declined to the amount required for recapitalisation was at Rs.1,796 crore. Of this, Rs.269 crore (15 per cent share), Rs.629 crore (35 per cent share) and Rs.898 crore (50 per cent share) was to be contributed by the State Governments, sponsor banks, and by Government of India, respectively. Five State Governments contributed their share in 10 RRBs in 2007-08, of which 7 RRBs got full share from all the three shareholders and 3 RRBs received contribution partially by March 31, 2008. The rest of the RRBs are expected to get the recapitalisation fund in 2008-09.

Thus, in this chapter the researcher has presented profile of the area under study with reference to history, geography and climate. The researcher has also presented a brief review of banking industry of the district. Similarly,
an introduction to the concept of Gramin Bank and its organizational structure is given.

Notes & References:


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