CHAPTER-IV
ORIGIN, GROWTH AND DEVELOPMENT OF MGB
Chapter-IV
Origin and Growth Performance of MGB

Introduction

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Introduction:-

This chapter deals with the study of Regional Rural Banks in respect it’s origin of banking, banking system, functions, types, recent banking, growth of regional rural bank in India and Maharashtra, Capital structure, Branch’s, Management. further, it also deals with the establishment, growth and development of Maharashtra Gramin Bank which is one of the Regional Rural Bank which has taken up for empirical study.

A] Origin

4.1: Origin of Banking:-

The origin of the word ‘Bank’ has been derived from the German word ‘BANC’ which means a joint stock firm. While other says that it has been derived from the Italian word ‘BANCO’ which means a heap or mound. As a matter of fact at the time of establishment of Bank of Venice in 1157. The Germans people world use to say ‘Banc’ or ‘banco’ was used by Italians to denote the accumulation of securities or money with a joint stock firm which later on came to be known as ‘BANK’.

There was another group of people who consider that the word ‘Bank’ has been derived from Greek word ‘BANQUE’ which means a bench. The Jews entered into money transactions sitting on benches in a market place when a banker was not in a position to
meet his problems the bench on which he was carrying on the money
business was broken into pieces and he was taken as Bankrupt. Both
the words Bank and Bankrupt have their origin in the word
'Banque'1.

4.1.1 Banking in Ancient India:

In Indian, the ancient Hindu scriptures refer to the
money-lending activities in the Vedic Period during the Ramayana
and Mahabharata period. The banking had become a full-fledged
business the Vaishyas Community earn interest by lending money.
They performed most of those functions which banks perform in
modern times.

4.1.2 Banking in Medieval India:

The mughal period the native bankers were very
prominently connected with financing of trade they use Hundis as a
banking instrument for offering credit to the people for trade
purposes. The indigenous bankers were from special communities
such as Vaishyas, Chettiar, Khattris, Aroras, Multanis, Shroffs and
Rastogis their job was to confined mostly lending money sometimes
they used to accept deposit for safe keeping on which they used to
pay no interest but some times they used to charge some service
charge.
4.1.3 Early 20th Century:-

Many banks were started respectively such as the Bank of India Ltd in 1906, the Indian Bank Ltd in 1907 the Bank of Baroda Ltd, in 1908 and the Central Bank of India in 1911. After independence of the country in 1947, All India Rural Credit Survey in its report in 1954 suggested establishment of apex level co-operative banks and land development/mortgage banks. Imperial Bank of India converted into State Bank of India 1955 and again 1959 states owned banks were nationalized and made subsidiaries to the state bank of India. Again a major decision was taken to nationalize 14 commercial banks in 1969 and 6 more were nationalised in 1980.

4.2 Banking Systems:-

The banking institution has taken place in different countries according to their economic, social and geographical conditions. The main banking systems according to which the banks have developed in different countries.

1) Branch Banking:

Branch Banking is a system where a bank with a network of branches throughout the country carries out its banking operations. Sometimes branches are also opened outside the country. However, small banks may like to restrict their branches to a certain region of the country.
The branch banking system which developed in England is prevalent in most countries of the world including Australia, Canada, South Africa, India and Pakistan.

2) Unit Banking:

The unit banking is a system where the operations of a bank are confined to a single office located in a particular area. A unit bank has virtually no branches. In order to provide facilities to its customers in remittance and collection of fund, a unit bank resorts to correspondent banking system. In case of this system small bank serving small communities place deposits in nearly city banks which in turn hold deposits in giant banks located in giant cities. This system is developed United States of America (USA).

3) Chain Banking:

Chain banking is a system where an individual or group of individuals or members of a family control the operations of two or more banks. The control is exercised either through holding majority of shares in each bank or inter locking directorships each bank retains its individual entity.

4) Group Banking:

The group banking is similar to chain banking except with the difference that instead of an individual or group of individuals or members of a family. An incorporated company having
a separate legal entity holds majority of the voting power in
cOMPANIES OF THE GROUP.

5) Deposit Banking:

It is a system of banking where the banks involve themselves only in acceptance of deposits repayable on demand and lending money to trade and industry for short periods not exceeding a year or for meeting working capital requirement. As a matter of fact the term commercial bank in the earlier stages was used only for such banks. In England Commercial banks are mainly concerned with short term credit requirement and hence England is considered to be the home of deposit banking.

6) Investment Banking:

It is a system of Banking where the banks arrange long-term funds for business and industry. They work both as financiers as well as underwriters. As financiers they themselves provide long term funds to business and industry. As underwriters they work as middlemen between business co-operation and investors. They undertake the responsibility of selling shares or debentures of the corporation to the general public for commission this system was first developed in Germany.
7) Mixed Banking:

Mixed banking is a combination of both deposit banking and investment banking functions. In this type of banking, banks raise deposits from the public repayable on demand and lend it to meet both short term as well as long term requirements of trade and industry.

The system of mixed banking also started with Germany in the beginning of 20th century.

4.3 Definitions of Bank:-

The important definitions of bank are as follows given on different bases:

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(A) Definitions given in Dictionaries:

1) Webster's Dictionary:- “Bank is an institution which trades in money, establishment for the deposit, custody and issue of money, as also for making loans and discounts and facilitating the transmission of remittances from one place to another”.

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(2) **Oxford Dictionary:** "Bank is an establishment for custody of money received from or on behalf of its customers. Its essential duty is to pay their drafts on it. Its profits arise from the use of the money left employed by them".

(B) **Definitions under Laws of Different Countries or Legal meaning of Bank:**

(1) **Indian Banking Regulation Act, 1949**: "Banking Company is one who does banking business". Banking business means "to accepting for the purpose of lending or investment of deposits of money from the public repayable on demand or otherwise and withdrawal by cheque, draft order or otherwise".

(2) **British Bills of Exchange Act, 1882**: "Banker includes group of persons, whether they are incorporated or not, who do banking business".

(3) **American Federal Act**: Has defined State Bank as, "any bank, banking federation, trust company, saving bank (excluding mutual banks) or other institutions that engaged in the business of accepting deposits and incorporated under any state law.”

(C) **Definition on the basis of views of scholars:**

(1) **According to Prof. Kinley**: "A bank is an establishment which makes to individuals such advances of money or other means of payment as may be required and safely made; and to which
individuals entrust money or means of payment when not required by them for use”.

(2) According to Prof. Hart: “A banker is one who in the ordinary course of his business receives money which he repays by honoring cheques of persons from whom on whose account he receives it”.

(3) According to Prof. R.S. Sayers: “Banks are institutions, whose debts usually referred to as bank deposits are commonly accepted in final settlement of other people’s debts.” In other words, “Bankers are not merely traders in money but also in an important sense manufacturer of money.”

(4) According to Prof. Crowther: “Banker is a dealer in debts of his own and other people”.

4.4 Types of Bank:

There are different kinds of banks specializing in different areas of banking. Each bank provides certain exclusive services to a specific class of customer’s important kinds of banks are.

1) Central Banks:

It is the leading institution created by law in its money market. It acts as leader of money market. It supervise and regulates he activities of commercial banks and other financial institutions. Reserve Bank of India works as Central Bank of India. It acts a bank
of bankers. It manages issue and circulation of currency and controls creation of bank credit in order to ensure stability in the economy. It supervises guides and controls the activities of all other banks in the country to bring them in line with policy of Central Government.

2) Saving Banks:

These banks collect deposits from the public. Generally these deposits are term deposits and not withdrawable on demand. However these deposits are payable on short notice.

Many countries, including India, have postal savings banks which operate under government control. These banks encourage the low income groups to save money and deposit the same with them for future use.

Commercial banks also operate as saving banks as they attract deposits through savings bank accounts to a large extent.

3) Commercial Banks:

It can be defined as, ‘a financial institution which accepts deposits against which cheques can be drawn, lends money to commerce and industry and renders a number of other useful services to the customers and the society’.

Commercial banks borrow money or accept deposits from those who have surplus funds and lend to those who need funds
for commercial and industrial purposes. Thus they act as dealers in loanable funds of society.

Commercial banks accept deposits in the form of – (a) Fixed deposit (b) Savings bank account (c) Current account and other miscellaneous accounts as Pigmi deposit, Home Safe deposit etc. and advances the same funds in the form of – (a) Cash credits (b) Over drafts (c) Loans generally for short period. Apart from these two important functions they also render number of services to their customers as collection of cheques and bill of exchange, discounting of bills, Hundies and promissory notes safe custody of valuables, remittance facilities, payment of insurance premiums, electricity bills etc.

Commercial banks we have, in India, in public sector as well as in private sector. Public sector Commercial banks include State bank of India and its subsidiaries as well as twenty nationalized banks. They are owned and controlled by the Central Government where as private sector banks are owned and controlled by companies floated by businessmen. Some commercial banks are functioning is co-operative sector – under the name of Urban Co-operative Banks and are controlled by Co-operative Societies Act.
4) **Industrial banks:**

These banks provide long term funds to industrial enterprises. They are also known as Development Banks as they provide financial, technological and managerial assistance for the development of industries. They perform following functions-

a) Provision of long term loans to industrial organizations for expansion and modernization programs.

b) Promotion of new industrial centers by working as underwriters.

c) To provide technological guidance in the management of industries.

d) Controlling the affairs of the industrial undertakings by securing representation on their Board of Directors. Till 1947 there were no industrial banks in India.

Reserve bank and Central Government have taken active part in the setting such banks to finance large, medium and small scale industries. Some examples of industrial banks are as follows:

Industrial Finance Corporation, small Scale Industrial Corporation, State Financial Corporations, Industrial credit and Investment Corporation and Industrial Development Bank etc.
5) Exchange Banks:

These banks also undertake the usual banking business but they specialize in foreign exchange transactions. These banks are foreign in origin, i.e. they have their head offices located outside India. At present there are 16 exchange banks in India and they have hold on foreign trade transactions. They also render outer services incidental to financing such as acting as referees, collecting and supplying information about foreign customers, providing remittance facilities etc.

These banks have also entered the field of internal trade. They complete with Indian Commercial banks in attracting deposits of all types, discounting of bills of exchange and making advances to trade, commerce and industry. However financing for foreign trade is their specialization. The licensing of these banks is controlled by the Banking Regulation Act 1949. Foreign Exchange transactions of banks are governed by Exchange Control Regulations and other banking transactions are controlled by Reserve bank of India.

6) Agricultural Banks:

These banks provide long term finance to farmers for purchase of tools, implements, machinery and for permanent improvement of land. In India these banks were set up to provide loans to farmers on easy terms against mortgage of land for the
purpose of repayment of loans to village money lenders and indigenous bankers. These banks were also known as Land Mortgage banks. But now emphasis has been shifted to provide loans for permanent improvement of the land so they were renamed as ‘land Development Bank’. Spread over of loan period is ranging from 20 years to 30 years. In India these banks are developed in co-operative sector.

7) Exam Banks:

The Export Import Bank of India was set up in January, 1982 – with its headquarters in Bombay. Apart from normal banking functions connected with import and export of goods, this bank performs several other functions. For example – Financing of export and import of India, Financing joint ventures in foreign countries and financing the import and export of machinery and equipment on lease basis. It also undertakes purchasing, discounting and negotiating of export bills.

8) Co-operative Banks:

These banks are formed on the principle of Co-operation to provide loans to farmers and small scale industrial concerns and promotes in general the habit of thrift and self help among the low and middle income groups of the society. Service is the base of such Co-operative organization. These banks are helpful to small farmers,
artisans a dare pioneers in mobilizing rural deposits Co-operative banks are discussed in detail in the following chapter\textsuperscript{5}.

9) Recently New Development Bank:

i) Phone Banking:

In this banking in customers can now dial up the bank’s designed telephone number and by dialing his ID number will be able to get connectivity to banks designated computer. The software provided in the machine interactive with the computer asking him to dial the code number of the service required by him and suitably answers him. The customer using Automatic Voice Recorder (AVR) for simple queries and transactions and manned phone terminals for complicated queries customer do entire non-cash relating banking on telephone anywhere, anytime.

ii) Tele-banking:

In this banking is another innovation which provided the facility of 24 hour banking to the customer. Tele-banking is based on the voice processing facility (VPF) available on bank computers. The customer calls the bank anytime and can enquire balance in his account or other transaction history. In this system the computers at bank are connected to a telephone link with the help of a modem voice processing facility is provided in the software. This software identifies the voice of caller and provides him suitable reply this is
only telephone answering system and now tele-banking tele-banking is becoming popular since queries at ATMs are now becoming too long.

iii] Internet Banking:

Internet banking enables a customer to do banking transactions through the banks website on the internet. It is a system of accessing accounting and general information on bank products and services through a computer while sitting in its office or home. This is also called virtual banking. It is more or less bringing the bank to you computer. In traditional banking one has to approach the branch in person to withdraw cash or deposit a cheque or request a statement of account etc. but Internet banking has changed the way of banking now one can operate all these types of transaction on his computer through website of bank.

iv] Mobile Banking:

Mobile banking facility is an extension of internet banking, the bank in association with the cellular service provider’s offers this service for this service mobile phone should either be SMS or WAP enabled. These facilities are available even to those customers with only credit card account with the bank.
10) Rural Banks:

In India Regional Rural Bank have been set up in backward rural areas where coverage of commercial and Co-operative banks is poor. The purpose of such bank is to finance agricultural operations and provide employment to rural educated youth who possesses the requisite orientation to look after the need of rural areas.

Rural Banks try combine advantages of both co-operative and commercial banks and try to avoid the disadvantages. The regional rural banks have been included in Second Scheduled to the Reserve bank of India Act and, therefore, enjoy the same privileges and facilities as the scheduled bank.

4.5 Banking commission:

The progress of banking in India had observed in its report that despite large expansion of network of commercial banks. The debate on the need for the rural bank continued. The banking commission was appointed by the Government of India in February, 1969 headed by professor A.M. Khusro, with a view to have a comprehensive review of the structure and operations of commercial banks in the totality of the working of the existing credit institutions in India and to suggest various measures for reorganizing the commercial banking structure for improving it's functioning. The commission submitted the report in 1972 showing doubt on the
capabilities of commercial banks for extending banking facilities to rural areas in near future.

The commission have given proposal in it's report for setting up 'Rural Banks' to meet the full credit needs of all weaker sections of rural area. Thus, a 'Rural Bank' as described by the commission is a primary banking institution set up to serve a compact group of villages generally, working, as a co-operative bank or as a subsidiary of a commercial bank. The commission submitted a very comprehensive report covering also various important aspects including capital structure, interest rate policy and linkages with other Government bodies and others.

4.6 Twenty Point Economic Programme:

The Prime Minister Mrs Indira Gandhi announced a 20 point Economic programme, “Growth has to be achieved for generating social justice and raising the standards of living. The objective has, therefore to be the “growth for social Justice”. In order to emphasize the aspect of social justice, the programme now accords the highest priority to “social justice with growth”. It is against this background that in addition to the general programme of development special activity was initiated in 1975 to heighten the hardships of various groups. This was the 20 points Economic programme. The fulfillments of several target the changes that subsequently took place
the new challenges that a rose made it necessary to recast and redefine the programme. Thus the new 20 point programme announced on 14\textsuperscript{th} January 1982 is to be considered as an extension of the earlier programme with a greater thrust in improving the standard of living of the rural poor and other weaker section of society and creating the necessary infrastructure and other facilities vital for the purpose”. It the credit facilities provided by banks to certain beneficiaries of the programme may be covered under more than one point. In such cases, the financial assistance granted to a beneficiary may be counted under each of the relevant point so as to reflect correctly the magnitude of assistance of each point. Thus, the rural banks played an important role in implementation of the 20 point programme. At present this programme is no more in existence. It took place by much other poverty alleviation programmes in banking sector.

4.7 Regional Rural Bank by Various Committees:

i) Narasimham Committee, 1975:

Banking Commission (1972) while reviewing the progress of banking in India had observed in its report that despite large expansion of network of commercial banks. There would still be the need of possibility of having specialized network of bank. Thus originated the concept of “Rural bank”. The debate on the need for
the rural bank continued till 1975 when Government of India vide its notification dated 1st July 1975 constituted a working group on Rural banks under Chairmanship of M. Narasimham to suggest the modalities and structure of the proposed rural bank.

The major premises on which the recommendations to establish regional rural banks were made by the working group was that the existing agencies even after necessary restructuring and modifications, were unable to meet varied and growing needs of rural credit. The review committee on Regional Rural banks thoroughly examined the basis for this proportion in order to establish it more firmly. The Review Committee addressed itself to the following relevant question as it felt that the concept of credit gap has to be more comprehensive and disaggregated.

1. To what extent the credit institutions meet the needs of different sections of rural borrowers?

2. Do they meet different types of credit needs of the borrowers be short, medium and long term, production, marketing processing and in the case of weaker sections their consumption need?

3. Are their banking operations versatile enough to progressively wean away the potential borrowers from the moneylenders and the traders?
4. Examination of these questions not aggregative but for each state, ideally each district.

The Regional Rural Banks Act 1976 which is deemed to have come into force from 26th September 1975, provides for the incorporation, regulation and working of the Regional Rural Banks (RRBs) with a view to develop the rural economy through credit and other facilities, particularly to the small and marginal farmers, agricultural laborers, artisans an small entrepreneurs and for matters connected there with and incidental there to.

The main objectives behind establishment of RRBs were as under.

1) Take the banking to the doorstep of rural masses, particularly in hitherto banked rural area.

2) Make available institutional credit to the weaker sections of the society who had by far little or no access to the cheaper institutional loans and had per force been depending on private moneylenders.

3) Mobilise rural saving and channelise them for supporting productive activities in rural areas.

4) Create a supplementary channel for flow of credit from central money market to the rural areas.

5) Generate employment opportunities in rural areas.

6) Bring down the cost of purveying the credit to rural areas.

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ii) Agrawal Committee 2000 (Manpower Norms):

The committee on manpower norms (HRD) system headed by K.P. Agrawal. These committees have stressed on the need for RRBs to develop appropriate training interventions to develop new skills and attitudes and upgrade the existing skills of their staff as part of their Human Resource Development. The committee on manpower norms for RRBs. The changes in operations such as non-target group (NTG) lending, NPA management, New product’s Development, funds and investment management, internal control system, MIS and Computerisation, Alternate Delivery system, etc. have led to new training needs and appropriate training interventions to develop new skills and attitudes and upgradation of the existing skills need to form an intimate part of human Resource Development. Manpower shortages to be managed by deputation of staff from surplus RRBs to deficit RRBs by opening new branches of unviable branches, computerization, outsourcing, redeployment of staff etc. and RRBs to achieve computerization in need office, Area office and at least 50 percent of its branches in 5 years period.

iii) Expert Committee on Rural Credit (ECRC-2001):

This committee is recommendations are:

i) To find out some other willing party to take over the share of defaulting state government (along-with the right of nomination to the
board) at a fair price determined independently by a professional and review its government system of nominating non-official directors from a panel of professional recommendation by NABARD, sponsor banks. The RRBs to review their own system of support and monitoring of RRBs performance and ensure that necessary autonomy in innovation of credit products as also credit and other portfolio management systems are ensured for bank and the bank which do not carry forward any accumulated losses as local area banks (LABs).

Convert them into banking companies and incorporate them as such in the companies act. They need strong, regionally oriented management and larger capital flow for this purpose, strategic local partners in the private sector may be needed. Employed of concerned banks may also be considered as a strategic partner such banks may also be allowed to access capital markets for initial public offerings of their shares particularly to meet capital adequacy requirements. Ii) As possible sponsor banks nominees on RRBs boards should from their zonal or head offices, a little away from the area of operation of the RRBs and help correct perceptions of RRB personal regarding pressure, from local controlling offices of the sponsor banks for various purposes.
iv) Dr. Vyas Committee, 2004 (flow of credit to Agriculture and Related Activities):

The recommendations of the committee on the Agricultural credit, other activities headed by Dr. Vyas, regarding follow are: i) The RRBs are main to be need restructured into viable financial institutions, simultaneously retaining their regional character and rural tours and all RRBs in the North Eastern states be merged into a zonal bank on stand alone basis the equity of which is to be provided by NABARD, SBI and UBI in the ratio of 26:37:37 through a holding company. They newly constituted bank will function independently with CEO and a BOD and will be declined from the sponsor banks. (ii) A amalgamation of RRBs for the rest of the country, under first step, all RRBs of a sponsor bank in a state would be amalgamated into a single unit. Sponsor bank and NABARD will contribute to the equity of the RRB through a holding company in the ratio of 26:74 under 2nd phase, state level rural bank will be formed by amalgamating all RRBs. (iii) The state/zonal RRBs may be permitted to seek cheaper funds through issue of certificate of deposits and income tax exemptions granted to RRBs be continued to be newly formed state/zonal RRBs.
4.8 Establishment of RRBs

The Government of India accepted most of the recommendations of the working group on rural banks. The regional rural banks were set up under the Regional rural Banks ordinance 1975 promulgated by the president of India on September 26th 1975. This was subsequently replaced by the Regional Rural Banks Act 1976 of February 9. The first five Regional Rural banks were opened on 2nd October 1975, the “Birthday of Mahatma Gandhi”.

Table No. 4.1

Regional rural Bank opened in 1975

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the RRB</th>
<th>Sponsoring Bank</th>
<th>Area of Operation (District covered)</th>
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<tbody>
<tr>
<td>1.</td>
<td>Haryana Krishi gramin bank</td>
<td>Punjab National Bank</td>
<td>Bhiwani (Haryana)</td>
</tr>
<tr>
<td>2.</td>
<td>Jaipur-Nagaur Aanchalik gramin bank</td>
<td>United Commercial Bank</td>
<td>Jaipur and Nagaur (Rajasthan)</td>
</tr>
<tr>
<td>3.</td>
<td>Prathama bankq</td>
<td>Syndicate Bank</td>
<td>Moradabad (U.P.)</td>
</tr>
<tr>
<td>4.</td>
<td>Gorakhpur Kshetriya gramin bank</td>
<td>State bank of India</td>
<td>Gorakhpur and Deoria (U.P.)</td>
</tr>
<tr>
<td>5.</td>
<td>Gaur gramin Bank Malda</td>
<td>United Bank of India</td>
<td>Makla (West)</td>
</tr>
</tbody>
</table>

Source:- Data complied from statistics of Regional Rural Banks (RRBs), Bombay.
Above Table No. 4.1 shows information of first five regional rural banks ‘opened in India. The first bank established in Biwani district in Haryana and the name is Harayana Krishi Gramin Bank, the sponsor bank of this bank is Panjab national bank. Second regional rural bank is Jaypur-Nagar Aanchalik Gramin Bank which opened in Jaipur and Nagar district in Rajsthan and sponsor bank is United Commercial bank. Third regional rural bank opened in Morabad district in Uttarpradesh and the name is Prathama Bank and sponser bank is Syndicate Bank. The fourth regional rural bank opened in Gorakhpur and Deoria district in Uttarpradesh and name is Gorakhpur Kshetriya Gramin bank and sponsor bank is State Bank of India.

The fifth regional rural bank opened in Makla (West) Dinapur and Murshidabad (W.B.) and the name of the bank is Gaur gramin bank malda and sponser bank is United Bank of India

An important innovation in the field or rural credit introduced under the Regional Rural banks Act of 1976 in pursuance of the recommendations of a study group headed by Shri Narasimham was the setting up of Regional Rural Banks (RRBs) in a number of districts in the country under this scheme it was aimed at 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 the small and marginal farmers, agricultural laborers, artisans and small entrepreneurs, and for matters connected there with and incidental there to several important issues have been raised against its performance in the sphere of rural credit by economists, the planners, the bankers and the public. A review committee under the leadership of prod M.L. Dantwala studied in depth the performance of these banks and recommended the continuation integral but no exclusive, element of the rural credit system.

The historical credit gap in the rural areas was thought to be corrected by a scheme of special rural banks. Presumably the reason why the Government of India took decisions to set up Regional Rural banks. These bank were meant to combine the local feel and familiarity with several problem’s which the co-operatives possess and the degree of business acquisition, ability to mobilize deposits, access to control money markets and a modernized out look which the commercial banks have.

The main objectives of the Regional Rural banks are (a) to strengthen rural economy (b) to mobilize rural savings, (c) to promote entrepreneurship (d) to spread banking habits among the rural people and (e) to fully cove the potentially beneficial target population.
4.8.1 Criteria:

The norms articulated in the RRB Act for the establishment of RRBs were:

1) The area where in they were to be located should be relatively a backward of a tribal area.

2) The new bank should be set up where the co-operative banks are in active.

3) It should be assured that the area has a real potentiality for development break through with the flow of credit.

4.8.2 The salient features:

1) They grant loans and advances, particularly to small farmers, agricultural laborers, rural artisans, small entrepreneurs and persons of small means engaged in trades and commerce and other productive activities in the area of operation of the RRBs.

2) The coverage of geographical area by an RRB is limited.

3) The RRB charge interest on loans advanced at a rae less than the prevailing ones of co-operative societies in the area and also pay interest of half percent more on the deposits.

4) The salary structure of RRBs is lower compared to that of commercial banks and
5) RRBs get assistance from the Reserve Bank of India (Now NABARD)\(^{11}\).

### 4.8.3) Objectives of RRBs:

The main objective of RRBs.

1) To provide credit and other facilities, especially to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas.

2) To provide banking facilities to the backward and tribal areas of the country where banking facilities have not reached so far.

3) In order to develop rural economy, provide development finance to the agriculture, small and cottage industries, small traders, artisans and for other productive purposes.

4) To generally replace the various money-lenders is one very significant objective of channeling credit through the RRBs and reduce the dependence of farmers in general small framers in particular on village money-lenders.

5) To remove the curse of poverty in rural areas - The percentage of population below the poverty line in the rural areas. The RRBs are meant to provide financement to this extremely vulnerable section of the rural society.

6) To mobilize rural savings – Rural banking is mainly to evolve an institutional arrangement to mobilize the savings of the people even
in small amount and inculcate in them the habit of thrift and to replace the money-lender.

7) To improve standard of living-The RRBs were considered to be a suitable institution to provide needed credit at their doorstep on reasonable terms and conditions so that the weaker sections of people in rural areas could raise their total productivity and through it their standard of living.

8) To create a centre for an overall economic and social change – The RRBs would find their role more rewarding by integrating and coordinating their credit activity with the need for economic and social rural development.

4.9) Characteristics of RRBs:

1) Area of Operation:

The area of operation of a regional rural bank is broadly confined to a district. The RRBs will operate within the local limits to be specified in the notification. It necessary RRB might also establish branches at any place within specified locality notified by the Government.

2) Interest Rate:

The RRBs is higher interest rate on their deposits than the rate paid by co-operative banks and commercial bank. The main aim of it is to attract local small saving.
3) Employees:

The RRBs appoint local and regional persons as their employees due to their regional nature. The local employees understand local languages, culture and custom of their clients and fulfill their needs and expectations.

4) Working:

RRB working is very simple and free from unnecessary formalities basically accounts are prepared in local language. All the formalities related to loans and opening of accounts are completed with the help of the bank staff bank staff co-operate the customer in each and every way.

5) Pay scale:

The pay scales of the RRBs staff employees directly correspond to the pay scales of the concerned state Government employees in the comparative cadres.

6) Low Cost:

The RRBs are operated on Regional basis with the help of local staff, resulting in low operating cost.

7) Beneficiary:

The RRBs are providing financial aid only to marginal farmers, agricultural labourers, rural artisans, small traders, cottage industries and other small self employed persons of the rural areas.
These banks are operated on the concept of “small banks for small people” or “regional banks for regional people”\textsuperscript{13}.

4.10) Functions of Regional Rural Banks:

1) To mobilize Deposits:

The banks are required to mobilize deposits from the small men living in remote areas. They are providing more interest on their deposits as compared to commercial and cooperative banks. Their aim is to saving and investment habits of the rural people. They open their branches in tribal bank ward and remote areas lacking banking facilities.

2) To provide Credit:

The main function of RRBs is to provide credit facilities with the help of their branches to the economically weaker sections of the societies of remote and tribal areas. They open branches in areas where there were no bank branch. They provide credit to poor farmers, artisans, landless farmers and self-employed persons.

3) Banking facilities:

The RRB provides other banking facilities like remittance of funds, safe keeping of deposits and valuable etc. to the rural people of that area.
4) **Branch Expansion:**

The RRBs are mainly required to open branches in the rural areas. The main aim of the RRBs is to provide banking facilities to the areas lacking banking facilities while opening of new branches they are expected to spread their branches in remote, tribal and backward rural areas so that they can provide banking facilities to the people of these areas.

4.11) **Organisational Aspect of RRBs:**

1) **Capital Structure:**

The authorized capital of RRBs has been fixed in the Regional Rural banks Act 1976 at ₹ 1.00 crore which has now been raised to ₹ 5.00 crores. The Central Government may, however increase or decrease it, in consultation with the RBI and sponsor bank. The issued capital of each RRB has been fixed at ₹ 25 Lakhs, which has now been raised to ₹ 100 Lakhs. There is a provision for increasing the issued capital by the Board of Directors of the RRBs concerned after consultation with and the prior approval of the Central Government out of this issued capital 50 percent would be subscribed by the Central Government 15 percent by the concerned State Government and remaining 35 percent would be subscribed by the sponsoring bank. The following structure

| Central Government | 50 percent |
State Government 15 percent
Sponsoring Bank 35 percent

2) Sponsorship of RRBs:

Each RRB is sponsored by a scheduled commercial bank, usually public sector commercial bank. A few non-public sector commercial banks have also sponsored RRBs. Following a view taken by the RBI in consultation with the Govt. of India, scheduled state co-operative bank are also allowed to sponsor RRBs. "A sponsor bank will assist the RRB sponsored by it in several ways. It will subscribe to the share capital of the RRB assist in its establishment, recruitment and training of personnel during the initial period of functioning of the RRBs and in general provide such managerial and financial assistance as may be mutually agreed upon between the sponsor bank and the RRBs."

3) Board of Directors:

The Board of Directors is the supreme authority for RRBs in regard to general superintendence, direction and management affairs. Each RRBs will have a Board of Directors consisting of the chairman. Board comprises of 9 members including chairman. There are 2 Directors each nominated by the sponsor bank, stage Government, Central Government and 1 each by RRB and NABARD.
The chairman is required to devote his whole time to the affairs of the RRBs and subject to the superintendence, control and direction of the Board of Directors. He books after the whole management of the RRBs. The strength of the Board of Directors could be raised to 15 with the approval of the Government of India.

Chart 4.2
Board of Directors

Chairman
Under section 11 (1) (a) of the RRBs Act, 1976

Aurangabad (Central Govt. Nominee Director) → Parli, Dist. Beed (Central Govt. Nominee Director)
Under section 9(1) (a) of the RRB Act, 1976

Asst. General Manger
Rural Planning and Credit Deep.
RBI, Regional office, Mumbai (RBI Nominee)
Under section 9(1) (b) of the RRB Act, 1976

Dy. General Manager NABARD, Regional office Pune (NABARD Nominee)
Under section 9 (1) (c) of the RRB Act, 1976

Regional manger
Bank of Maharashtra,
Regional office, Latur, (Sponsor Bank Nominee)
Under section 9 (1) (d) of the RRB Act, 1976

Chief manger
Bank of Maharashtra
Central office, Pune (Sponsor Bank Nominee)

Dy. Commissioner (Development)
Divisional Commissioner office, Aurangabad (State Govt. Nominee)
Under section 9 (1) (e) of the RRB Act, 1976

Project Director
Dist, Rural Development Agency, Nanded (Stage Govt. Nominee)
4) Area of Operation:

The regional Rural Bank is limited specified area located in one or at most two districts. If necessary RRB can also open its branches at any place within specified locality notified by the government the RRBs provide facilities to the area with a population of 10 to 15 Lakhs.

5) Staff:

The time of establishment of RRB, the sponsor Bank provide staff at the level of branch mangers and field offices. The financial burden of the staff is beard by the sponsor bank. The RRBs are free recruiting their own staff-clerks, subordinate and accounts staff. The pay scales of the employee of the RRBs are directly associated with the pay scales of the state Government employees.

6) Deposit of Additional Funds:

The Regional rural bank keeps their additional deposits with the sponsor bank or with the public sector bank. They receive interest on their deposits from the sponsor bank.

7) Cash Reserve Ratio:

The Regional Rural Bank is allowed to maintain a lower cash reserve ratio as compared to the scheduled Commercial banks with the objective to increase lending capacity of these banks.
8) Sources of Funds:

The Regional Rural Bank requires sufficient funds for their lending operations. Their sources of funds are deposits by the public, loans and advances from sponsor banks and other banks and refinance from NABARD. The RRBs is financially depend on sponsor banks, other commercial bank and finally on NABARD.

B] Growth

4.12 Growth of RRBs in India

Table No. 4.2 indicated that, record of thirty-five year’s which explained the growth of Regional Rural Bank in India during December 1975 to March 2010. In this table there is delineation of the number of Regional Rural Bank, their number of branches, their deposits and advances. In the very beginning of the year 1975 till 1986 there is enormous growth in the main Regional Rural Bank but from the year 1987 till 2005 there is no change in the number of Regional Rural Bank. It’s constant which 196. There is continuous decrease in the number of Regional Rural Bank from the year 2006 to 2010. There is continuous decrease banks the very reason behind it is the amalgamation of Regional Rural banks as per (GOI) initiated the process of structural consolidation of Regional Rural bank by amalgamating Regional Rural banks sponsored by the same bank within a state as per the recommendations of the Vyas Committee.
(2004), the amalgamated Regional Rural banks were expected to provide better customer service due to better infrastructure, computerization of branches, pooling of experienced work force, common publicity/marketing efforts etc.

Table 4.2
Growth of Regional Rural Banks in India
(During December 1975 to March 2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of RRBs</th>
<th>No of Branches</th>
<th>Deposits</th>
<th>Advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1975</td>
<td>05</td>
<td>17</td>
<td>0.20</td>
<td>0.10</td>
</tr>
<tr>
<td>December 1976</td>
<td>40</td>
<td>489</td>
<td>7.72</td>
<td>7.02</td>
</tr>
<tr>
<td>December 1977</td>
<td>48</td>
<td>1,187</td>
<td>33.04</td>
<td>42.35</td>
</tr>
<tr>
<td>December 1978</td>
<td>51</td>
<td>1,753</td>
<td>74.11</td>
<td>122.02</td>
</tr>
<tr>
<td>December 1979</td>
<td>60</td>
<td>2,420</td>
<td>123.22</td>
<td>167.41</td>
</tr>
<tr>
<td>December 1980</td>
<td>85</td>
<td>3,279</td>
<td>199.83</td>
<td>243.38</td>
</tr>
<tr>
<td>December 1981</td>
<td>107</td>
<td>4,795</td>
<td>336.00</td>
<td>406.59</td>
</tr>
<tr>
<td>December 1982</td>
<td>124</td>
<td>6,191</td>
<td>502.26</td>
<td>577.11</td>
</tr>
<tr>
<td>December 1983</td>
<td>150</td>
<td>7,795</td>
<td>677.85</td>
<td>750.84</td>
</tr>
<tr>
<td>December 1984</td>
<td>173</td>
<td>10,245</td>
<td>959.95</td>
<td>1080.77</td>
</tr>
<tr>
<td>December 1985</td>
<td>188</td>
<td>12,606</td>
<td>1285.82</td>
<td>1407.67</td>
</tr>
<tr>
<td>December 1986</td>
<td>194</td>
<td>12,838</td>
<td>1714.94</td>
<td>1784.84</td>
</tr>
<tr>
<td>December 1987</td>
<td>196</td>
<td>13,353</td>
<td>2305.82</td>
<td>2232.26</td>
</tr>
<tr>
<td>December 1988</td>
<td>196</td>
<td>13,920</td>
<td>2715.43</td>
<td>2542.08</td>
</tr>
<tr>
<td>March 1989</td>
<td>196</td>
<td>14,079</td>
<td>3135.80</td>
<td>2911.06</td>
</tr>
<tr>
<td>March 1990</td>
<td>196</td>
<td>14,443</td>
<td>4150.52</td>
<td>3554.04</td>
</tr>
<tr>
<td>March 1991</td>
<td>196</td>
<td>14,527</td>
<td>4989.24</td>
<td>3609.27</td>
</tr>
<tr>
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<td>5902.52</td>
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<td>March 1993</td>
<td>196</td>
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<td>6908.89</td>
<td>4610.53</td>
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<td>March</td>
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<tr>
<td>1994</td>
<td>196</td>
<td>14,542</td>
<td>8830.58</td>
<td>5253.02</td>
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<tr>
<td>1995</td>
<td>196</td>
<td>14,509</td>
<td>1150.17</td>
<td>6290.22</td>
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<tr>
<td>1996</td>
<td>196</td>
<td>14,497</td>
<td>14187.90</td>
<td>7505.02</td>
</tr>
<tr>
<td>1997</td>
<td>196</td>
<td>14,461</td>
<td>18032.01</td>
<td>8718.00</td>
</tr>
<tr>
<td>1998</td>
<td>196</td>
<td>14,475</td>
<td>22189.23</td>
<td>9860.81</td>
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<tr>
<td>1999</td>
<td>196</td>
<td>14,498</td>
<td>26763.04</td>
<td>11281.50</td>
</tr>
<tr>
<td>2000</td>
<td>196</td>
<td>14,301</td>
<td>32204.00</td>
<td>13181.00</td>
</tr>
<tr>
<td>2001</td>
<td>196</td>
<td>14,313</td>
<td>38278.00</td>
<td>15815.00</td>
</tr>
<tr>
<td>2002</td>
<td>196</td>
<td>14,390</td>
<td>44539.15</td>
<td>18629.22</td>
</tr>
<tr>
<td>2003</td>
<td>196</td>
<td>14,433</td>
<td>50098.34</td>
<td>22157.85</td>
</tr>
<tr>
<td>2004</td>
<td>196</td>
<td>14,446</td>
<td>56350.08</td>
<td>26113.86</td>
</tr>
<tr>
<td>2005</td>
<td>196</td>
<td>14,484</td>
<td>62143.00</td>
<td>32870.03</td>
</tr>
<tr>
<td>2006</td>
<td>133</td>
<td>14,494</td>
<td>71328.83</td>
<td>39712.57</td>
</tr>
<tr>
<td>2007</td>
<td>96</td>
<td>14,520</td>
<td>83143.55</td>
<td>48492.59</td>
</tr>
<tr>
<td>2008</td>
<td>91</td>
<td>14,761</td>
<td>99093.46</td>
<td>58984.27</td>
</tr>
<tr>
<td>2009</td>
<td>86</td>
<td>15,181</td>
<td>120189.90</td>
<td>67802.10</td>
</tr>
<tr>
<td>2010</td>
<td>82</td>
<td>1,5444</td>
<td>142980.48</td>
<td>82221.59</td>
</tr>
</tbody>
</table>

**Source:** Data compiled from statistics of Regional Rural Banks (RRBs), Bombay.

Regional Rural Bank has established in 1975 in India. Number of RRBs was 5 at that time and branches were 17, deposits were ₹ 0.20 crores and advances were 0.10 crores after 1975 to 2010 deposits and advances were constantly increased. Number of RRBs was 40 in the year of 1976 and branches were 489. There was tremendous growth. It was 476 branches, as well as deposits has increased that was ₹ 7.72 crores, the difference between 1975 to 1976
was ₹ 7.52 crores and advances were ₹ 7.02 crores. It was rise to ₹ 6.92 crores. There were 48 branches in 1977 as consider the previous year. The Regional Rural Banks increased by right 8 and branches were increased by 698, the total was 1187, at that time the deposits was ₹ 33.04 corers difference was ₹ 25.32 cores. The advances were ₹ 42.35 crores and difference was ₹ 35.33 crores as per previous year.

In 1978, number of Regional Rural Banks were 51 and branches were 1753 and deposits were ₹ 74.11 crores and advances were ₹ 122.02 crores. In 1979 numbers of Regional Rural Banks were 60, as compared to previous year the difference was 10. The numbers of branches were 2,420 and deposit was ₹ 123.22 crores and advances were ₹ 167.41 crores. In 1980, the number of Regional Rural Banks 85, the difference was 25 as compared to previous year. Numbers of branches were 3279 and deposits were ₹ 199.83 crores, advances were ₹ 243.38 crores as consider the year of 1981 the number of RRBs were 107. Regional Rural Banks has increased by 22 and branches were 4,795 as compared to previous year it has increased by 1,516, the deposits were ₹336.00 crores and difference was ₹ 136.17 crores and advances was ₹ 406.59 crores.

In 1982, number of Regional Rural banks were 124, as compared to previous year data, the difference was 17 and branches
were 6,191, difference were 1,396, deposits was ₹ 502.26 crores and advances were 577.11 crores, as compared to previous year growth was 26 number of Regional Rural Banks increased by 150 in the year 1983 the same year the number of branches were 7,795 and deposits was ₹ 677.85 crores and advance were ₹ 750.84 crores. In the year 1984, the numbers of Regional Rural banks were 173, as compared to previous year. It shows increases by 23 branches were 10245 and difference was compared to previous year it was 2958 and deposits was ₹ 959.95 crores and difference was ₹ 282.1 crores and advances were ₹ 1080.77 crores.

In 1985, number of Regional Rural banks were 188 and branches were 12,606 deposits was ₹ 1285.82 crores and advances were ₹ 1407.67 crores. In 1986 Number of Regional Rural banks were 194 as compare to previous year. There was 6 Regional/Rural banks were increased for that year as branches was consider total branches were 1283.8 and difference was 232 as compare with previous year and deposits was ₹1714.94 crores and difference ₹ 429.12 crores and advance ₹ 1784.84 crores. In the year 1987, the numbers of RRBs were increased by 2 and RRBs was 196.

In 1987, number of branches 13,353 and deposits was ₹ 2305.82 crores and advances were ₹ 2232.26 crores. In the year of 1988, the number of Regional Rural banks were 196 and branches
were 13,920 and deposits was ₹ 2715.43 crores and advances were ₹ 2542.08 crores. In 1989 Number of Regional Rural banks were same it was 196 and number of branches were 14,079 and deposit ₹ 3135.80 crores and advance ₹ 2911.06 crores. In 1990 to 2005 the numbers of Regional Rural banks were 196. Number of branches in 1990 it was 14,443 and deposits was ₹ 4150.52 crores and advances were ₹ 3554.04 crores. In 1991, the numbers of branches were 14,527 and deposits ₹ 4989.24 crores and advance ₹ 3609.27 crores. In 1992, number of branches 14,539 and deposits ₹ 5902.52 crores and advances were ₹ 4020.89 crores.

In 1993 numbers of branches were 14,543 and deposits were 6908.89 crores and advances ₹ 4610.53 crores. In 1994, the number of branches 14,542 as compare to 1993 one branches decrease and deposits was ₹ 8830.58 crores and advances were ₹ 5253.02 crores. Number of branches has decrease in 1995 it was 33 total branches were 14,509 and there was tremendous difference in deposit and difference was ₹ 7680.41 crores and total deposit was ₹ 1150.17 crores and advance ₹ 6290.22 crores. In the year of 1996, Number of branches were decrease as compare to previous year the difference was 12 and total branches were 14,497 and deposits was ₹ 14,187.90 crores and advances ₹ 7505.02 crores. In the year of 1997 there was decrease by 36 branches and total branches were 14461 and
deposits was ₹ 18032.01 crores and advances were ₹ 8718 crores. In the year of 1998, number of branches were increased by 14 and total number of branches 14475 and deposits was ₹ 22189.23 crores and advances were ₹ 9860.81 crores. In the year of 1999, Number of branches has increased it was 23, total number of branches were 14,498 and deposits was ₹ 26763.04 crores and advances ₹ 11281.50 crores.

In 2000, there was tremendous decrease it was 197 and total branches was 14,301 and deposits was ₹ 32,204 crores and advances ₹ 13,184 crores. In the year 2001 the number of branches were 14,313 and deposits was ₹ 38278 crores and advances ₹ 15,815 crores. In 2002 number of branches were 14,390 and deposits was ₹ 44539.15 crores and advances ₹ 18629.22 crores as consider the year of 2003, the number of branches 14,433 and differences was 43 deposits 50098.34 crores and advances were ₹ 22157.85 crores. In 2004, numbers of branches were 14,446 and as consider of previous year difference which was 13 the deposits was ₹ 56350.08 crores and advances were ₹ 26113.86 crores. In 2005, the numbers of branches were 14,484 and previous year difference was 38 which show increase in that year deposits was 62,143 crores and advances ₹ 32870.03 crores. In the year 2006, number of Regional Rural banks were decrease the difference was 63 as compare to previous year and
total Regional Rural banks were 133 and number of branches were ₹ 14,494 and deposits was ₹ 71328.83 crores and advances were 39712.57 crores. In the year 2007, the numbers of RRBs were 96. It has decreases by 37 as compare to previous year. Number of branches 14,520 and deposits was ₹ 83143.55 crores and advance ₹ 48492.59.

In the year of 2008 number of Regional Rural bank 91. It has decrease by 5 as compare to previous year and numbers of branches were 14,761 and a deposit was ₹ 99093.46 crores and advances 58984.27 crores.

In the year 2009, numbers of Regional Rural banks were 86 and difference was 5 numbers of branches 15181 and deposits was ₹ 120189.90 crores and advances ₹ 67802.10 crores. In the year 2010 number of Regional Rural bank 82. The difference was 4 as compare to previous year and number of branches were ₹ 15444 crores and deposits was ₹ 142980.48 crores and advances was ₹ 82221.59 crores.

During the 35 years there was no decrees in advances and only deposits decrease in year of 1995.

4.13 State wise RRBs in India-2010:

This table No. 4.3 shows that highest Regional Rural Banks were established in Uttar Pradesh total number of Regional Rural banks are 10.
There are 8 in Madhya Pradesh. In Karnataka and Rajasthan there are 6 Regional Rural Bank. In Andhra Pradesh and Orissa there are 5 Regional Rural Bank established. In Maharashtra, Punjab, Chhatisgarh, Gujarat and West Bengal having 3 Regional Rural banks in each state respectively.

Table 4.3
State wise Regional Rural Bank in India-2010

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of State</th>
<th>No. of (RRBs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td>05</td>
</tr>
<tr>
<td>2</td>
<td>Arunachal Pradesh</td>
<td>01</td>
</tr>
<tr>
<td>3</td>
<td>Assam</td>
<td>02</td>
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<tr>
<td>4</td>
<td>Bihar</td>
<td>04</td>
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<tr>
<td>5</td>
<td>Chhatisgarh</td>
<td>03</td>
</tr>
<tr>
<td>6</td>
<td>Gujarat</td>
<td>03</td>
</tr>
<tr>
<td>7</td>
<td>Haryana</td>
<td>02</td>
</tr>
<tr>
<td>8</td>
<td>Himachal Pradesh</td>
<td>02</td>
</tr>
<tr>
<td>9</td>
<td>Jammu &amp; Kashmir</td>
<td>02</td>
</tr>
<tr>
<td>10</td>
<td>Jjarkhan</td>
<td>02</td>
</tr>
<tr>
<td>11</td>
<td>Karnataka</td>
<td>06</td>
</tr>
<tr>
<td>12</td>
<td>Kerala</td>
<td>02</td>
</tr>
<tr>
<td>13</td>
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<tr>
<td>14</td>
<td>Maharashtra</td>
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<tr>
<td>15</td>
<td>Manipur</td>
<td>01</td>
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<td>16</td>
<td>Meghalaya</td>
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<td>Mizoram</td>
<td>01</td>
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<tr>
<td>18</td>
<td>Nagaland</td>
<td>01</td>
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<tr>
<td>19</td>
<td>Orrisa</td>
<td>05</td>
</tr>
<tr>
<td>20</td>
<td>Puducherry</td>
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<td>Punjab</td>
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<td>Uttar Pradesh</td>
<td>10</td>
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<tr>
<td>26</td>
<td>Uttarakhand</td>
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<tr>
<td>27</td>
<td>West Bengal</td>
<td>03</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>82</strong></td>
</tr>
</tbody>
</table>

Source:- Data Complied from statistics of Regional Rural bank (RRBs), Bombay.
In Assam, Haryana, Himachal Pradesh, Jammu & Kashmir, Jarkhand, Kerala, Tamil Nadu and Uttarakhand each state having 2 Regional Rural Bank. In Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry and Tripura each state having 1 Regional Rural bank and all over India there are 82 Regional Rural Banks as on during the year 2010.

4.14 RRBs in Maharashtra:

Introduction:

Maharashtra State was established on 1st May 1960. The state of Maharashtra occupies the western and central part of India. It is second largest state in India both in terms of population and geographical area spread over 3.08 Lakhs sq. m. The state’s population is around 10 crores (2001 census) which is 9.4 percent of the total population of India and the highest level of per capital state income and is the most urbanized and industrialized state among the India states. Maharashtra is among the five top ranking development states of India along with Haryana, Punjab, Gujarat and Bengal.

The state has 35 districts which are divided into six revenue divisions viz. Konkan, Pune, Nashik, Aurangabad, Amravati and Nagpur for local self governance in rural areas there are 22 zilla parishads, 352 panchayat samitis and 27,935 grampanchayats and banking has become a major level for development through service to
a large number of small borrowers, neglected sectors, socially depressed and under privileged segment of the population. Maharashtra holds prominent position in per branch, advances and deposits. Mumbai the capital of Maharashtra is truly regarded as the commercial capital of India. Maharashtra can also take legitimate pride that the co-operative movement has succeeded a lot what the co-operatives in sugar have done in Maharashtra can be compared to the dairy movement in Gujarat or the handloom co-operative in south.

The flow of credit has largely followed economic development in the state, accelerating the development of already developed areas of the state rather than initiating new development in backward areas or neglected sectors of the economy. A study of banking development in Maharashtra indicates the fact that banking is an intermediate infrastructural facility in the sense that it cannot be effectively established and utilized unless certain primary infrastructural facilities of transport, communication and backward, forward linkages of production are established simultaneously or prior to the entry of banking services.

The first Regional Rural bank in Maharashtra namely Marathwada gramin bank, Nanaded sponsored by bank of Maharashtra was established on 26<sup>th</sup> August 1976. Ten RRBs are functioning in the state of Maharashtra.
This table No. 4.4 shows the description of Regional Rural Bank in Maharashtra. The contents covered under this title are: Name of RRBs, the date establishment, name of sponsor bank, Number of District covered, no of branches, Deposits, Advances, CD Ratio. The first Regional rural bank establishment in Maharashtra in the year 26th August 1976 and the name of bank is “Marathwada gramin bank”. This bank is sponsored by Bank of Maharashtra and the number of districts covered under this bank are six 6 and the number of branches of this bank are 245 (41.31 percent) the deposit amount of this bank is ₹ 64834 Lakhs and advances was ₹ 25284 Lakhs and CD ratio of this bank is 39.

The second Regional rural bank establishment in the year 17th December 1982 and the name of the bank “Aurangabad-Jalna gramin bank” this bank sponsored by Bank of Maharashtra number of district covered are 2, number of branches of this bank are 56 (9.44 percent) the deposits amount of this bank is ₹ 23194 Lakhs and the advances of this is ₹ 19451 Lakhs and the CD ratio of this bank is 84.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the RRB</th>
<th>Date of Establishment</th>
<th>Name of Sponsor Bank</th>
<th>No. of District covered</th>
<th>No of branches</th>
<th>Deposits</th>
<th>Adv./O/s</th>
<th>CD Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Marathwada Gramin Bank</td>
<td>26.08.79</td>
<td>Bank of Maharashtra</td>
<td>6</td>
<td>245</td>
<td>64,834</td>
<td>25284</td>
<td>39</td>
</tr>
<tr>
<td>2.</td>
<td>Aurangabad Jalna Gramin Bank</td>
<td>07.12.82</td>
<td>Bank of Maharashtra</td>
<td>2</td>
<td>56</td>
<td>23,194</td>
<td>19451</td>
<td>84</td>
</tr>
<tr>
<td>3.</td>
<td>Chandrapur Gadchiroli Gramin Bank</td>
<td>04.02.83</td>
<td>Bank of India</td>
<td>2</td>
<td>60</td>
<td>18,164</td>
<td>8519</td>
<td>47</td>
</tr>
<tr>
<td>4.</td>
<td>Akola Gramin Bank</td>
<td>16.10.83</td>
<td>Central bank of India</td>
<td>1</td>
<td>47</td>
<td>10,611</td>
<td>7559</td>
<td>71</td>
</tr>
<tr>
<td>5.</td>
<td>Ratnagiri Sindhudrug Gramin Bank</td>
<td>19.11.83</td>
<td>Bank of India</td>
<td>2</td>
<td>39</td>
<td>11,426</td>
<td>8230</td>
<td>72</td>
</tr>
<tr>
<td>6.</td>
<td>Solapur Gramin Bank</td>
<td>21.01.84</td>
<td>Bank of India</td>
<td>1</td>
<td>33</td>
<td>6,588</td>
<td>5672</td>
<td>86</td>
</tr>
<tr>
<td>7.</td>
<td>Bhandara Gramin Bank</td>
<td>06.02.84</td>
<td>Bank of India</td>
<td>1</td>
<td>45</td>
<td>13,647</td>
<td>8088</td>
<td>59</td>
</tr>
<tr>
<td>8.</td>
<td>Yeotmal Gramin Bank</td>
<td>29.01.85</td>
<td>Central Bank of India</td>
<td>1</td>
<td>21</td>
<td>10,213</td>
<td>5241</td>
<td>51</td>
</tr>
<tr>
<td>9.</td>
<td>Buldhana Gramin Bank</td>
<td>17.10.85</td>
<td>Central Bank of India</td>
<td>1</td>
<td>24</td>
<td>6,846</td>
<td>5652</td>
<td>83</td>
</tr>
<tr>
<td>10.</td>
<td>Thane Gramin Bank</td>
<td>30.03.86</td>
<td>Bank of Maharashtra</td>
<td>1</td>
<td>23</td>
<td>8,886</td>
<td>1678</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>-</td>
<td>-</td>
<td><strong>18</strong></td>
<td><strong>593</strong></td>
<td><strong>1,74,409</strong></td>
<td><strong>95374</strong></td>
<td><strong>55</strong></td>
</tr>
</tbody>
</table>

The third Regional Rural banks establishment in the year 4th February 1983 and name of the bank "Chandrapur Gadchiroli gramin bank" and this bank is sponsored by bank of India and the number of district covered under this bank 2 the number of branches of this bank is 60 (10.13 percent) the deposits amount of this bank is ₹ 18164 Lakhs the advances of this bank is ₹ 8519 Lakhs the CD ratio of this bank is 47.

The fourth Regional Rural bank established in the year 16th October 1983 and the name of the banks is "Akola gramin bank" and this bank sponsored by Central bank of India the district covered under this bank are 1 number of branches of this bank is 47 (7.93 percent) the amount of deposit of this bank is ₹ 10611 Lakhs the advances of this bank is ₹ 7559 Lakhs and the CD ratio of this bank is 71.

The fifth Regional rural banks established in the year 19th November 1983 and the name of the banks "Ratnagiri Sindhudurg gramin bank" the bank is sponsored by Bank of India the number of districts covered under the banks is 2 the number of branches of this banks is 39 (6.58 percent) the amount of deposit of this bank is ₹ 11426 Lakhs and the advances of this bank is ₹ 8230 Lakhs and the CD ratio of this bank is 72.
The sixth Regional Rural bank established in the year 21st January 1984 and the name of the bank is “Solapur gramin bank” the bank sponsor by bank of India and number of district covered under this bank is 1 the number of branches of this banks are 33 (5.56 percent) the Deposits amount of this bank is ₹ 6588 Lakhs advances of this bank is ₹ 5672 Lakhs the CD ratio of this bank is 86.

The Seventh Regional Rural Banks established in the year 6th February 1984 and the name of the bank is “Bhandara gramin bank” this bank sponsored by bank of India and number of district covered under this is 1 and number of branches are 45 (7.58 percent) the deposits amount of this bank is ₹ 13647 Lakhs the advances of this bank is ₹ 8088 Lakhs the CD ratio of this bank is 59.

The Eighth Regional Rural Bank established in the year 29th January 1985 and the name of the bank is “Yavatmal gramin bank” the bank is sponsored by central bank of India the number of districts covered under the banks is 1 and the number of branches are 21 (3.55 percent) the deposits amount of this bank is ₹10213 Lakhs advances of this bank is ₹ 5241 Lakhs the CD ratio of this bank is 51.

The Nineth Regional Rural Bank established in the year 17th October 1985 and the name of the bank is “Buldhana gramin bank” the bank sponsored by Central bank of India the number of district covered under this bank is 1 the number of branches of this
bank are 24 (4.04 percent) the deposits amount of this bank is ₹ 6846 Lakhs the advances of the bank is ₹ 5652 Lakhs and the CD ratio of the bank is 83.

The last tenth Regional Rural banks established in the year. 13th March 1986 the name of the bank is “Thane gramin bank” the bank sponsored by Bank of Maharashtra the number of district covered under this banks is 1 the number of branches of this bank are 23 (3.8 percent) the deposits amount of this bank is ₹ 8886 Lakhs the advances of this is ₹ 1678 Lakhs and the CD ratio of this bank is 19.

total number of district covered under the Regional Rural Bank are 18, the total number of branches are 593 the total amount of deposits is ₹174409 Lakhs, the total advances of the Regional Rural bank are ₹ 95374 Lakhs and total CD ratio of this bank is 55.

4.15) Present Scenario-2010:

In the present scenario there only three banks are working the table No. 4.5 shows the description of Regional Rural banks in Maharashtra in the year 2010.

The first name of the Regional Rural bank is “Maharashtra gramin Bank” and this bank is sponsored by Bank of Maharashtra and number of districts covered under this bank are 16 and the name of the districts are: Aurangabad, Jalna, Nanded,
Parbhani, Hingoli, Beed, Pune, Latur, Osmanabad, Jalgaon, Thane, Dhule, Nandurbar, Raigad, Nasik, Ahmednagar.

Table No. 4.5
Regional Rural Banks in Maharashtra (During the year 2010)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the RRBs</th>
<th>Name of sponsor bank</th>
<th>No. of District covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maharashtra gramin bank</td>
<td>Bank of Maharashtra</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>Wainganga Krishan gramin bank</td>
<td>Bank of India</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Vidharbha Kshetriya gramin bank</td>
<td>Central bank of India</td>
<td>05</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

Source: Maharashtra gramin Bank, Annual Report-2010.

The second name of Regional Rural Bank is “Wainganga Krishana gramin bank” this bank is sponsored by Bank of India and the district covered under this bank are 12 and they are: Chandrapur, Gadchiroil, Wardha, Bhandara, Gondia, Nagpur, Ratnagiri, Sindhurdurg, Kolhapur, Solaur, Satara and Sangli.

The third name of Regional Rural Bank is “Vidharbha Kshetriya gramin Bank” and the banks is sponsored by Central bank of India and districts covered under this bank are 05 and name of districts are: Akola, Washim, Yavatmal, Buldhana, Amravati, Till the year 2007 the number of Bank was 10 but since 2008 to 2010 there is
continuous decrease in the number of Regional Rural bank because of the amalgamation of the bank.

4.16 Maharashtra Gramin Bank:

Brief History of MGB:

Aurangabad-Jalna gramin bank established in the year 7th December 1982. The area of the operation was limited to Aurangabad and Jalna district only. According to the notification dated 25th March 2008 the Aurangabad-Jalna gramin bank and Thane gramin bank has been amalgamated it is renamed as ‘Maharashtra Godavari Gramin Bank’. The bank covered Aurangabad, Jalna, Jalgaon, Dhule, Nandurbar, Ahmadnagar, Nashik, Thane and Raigad district.

As per Central Government notification dated 20th July 2009 the amalgamation of two Regional Rural Bank, Marathwada Gramin Bank and Maharashtra Godavari Gramin Bank had taken place it is renamed as “Maharashtra Gramin Bank”. Its head office situated at Nanded and having Regional offices at Nanded, Parbhani, Latur, Beed, Jalna and Thane with 323 branches spread in all over 16 sixteen district of Maharashtra.

4.16.1 Branches:

The table No. 4.6 shows that region wise number of branches of Maharashtra gramin bank. There are 6 regions of Maharashtra gramin bank, they are Nanded, Parbhani, Beed, Latur,
Jalna and Thane the maximum number of branches are in the Latur region they are 73 and district covered in this region are Latur and Osmanabad. The second maximum numbers of branches are in the Parbhani region and the number is 61 and district covered in this region are Parbhani and Hingoli.

**Table No. 4.6**

Regional wise number of branches

(as on 31st March 2010)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Region</th>
<th>No. of Branches</th>
<th>Districts covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Nanded</td>
<td>59</td>
<td>Nanded</td>
</tr>
<tr>
<td>2.</td>
<td>Parbhani</td>
<td>61</td>
<td>Parbhani, Hingoli</td>
</tr>
<tr>
<td>3.</td>
<td>Beed</td>
<td>51</td>
<td>Beed, Pune</td>
</tr>
<tr>
<td>4.</td>
<td>Latur</td>
<td>73</td>
<td>Latur, Osmanabad</td>
</tr>
<tr>
<td>5.</td>
<td>Jalna</td>
<td>55</td>
<td>Aurangabad, Jalna, Jalgaon</td>
</tr>
<tr>
<td>6.</td>
<td>Thane</td>
<td>24</td>
<td>Thane, Dhule, Nandurbar, Raigad, Nasik, Ahmednagar.</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>323</strong></td>
<td><strong>16 District</strong></td>
</tr>
</tbody>
</table>

Source: Maharashtra gramin Bank, Annual Report-2010.

The third maximum branches scored in the Nanded region and number of branches is 59 and district covered in this region is Nanded only. The further maximum numbers of branches are in the Jalna region and the branches 55 and the district covered under this region are Aurangabad, Jalna, and Jalgaon. The fifth maximum numbers of branches are in the Beed region and the
branches are 51 and the districts covered in this region are Beed and Pune. And the last maximum numbers of branches are in the Thane region the branches are 24 and district covered in this region are Thane, Dhule, Nandurbar, Raigad, Nasik, Ahmednagar total number of branches are 323 and covered districts are 16.

C) Development

4.17 Performance of Maharashtra Gramin Bank:

The following table no. 4.7 and graph shows the entire performance of “Maharashtra gramin bank”. In this table there is description of deposits, loans and advances, Borrowings/Refinance and investment this table explain the performance of bank since the year 1999-2000 to 2008-2009.

Table No. 4.7
Performance of Maharashtra Gramin Bank
(Amount in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits</th>
<th>Loans &amp; Advances O/s</th>
<th>Borrowings O/s (Refinance)</th>
<th>Investment O/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>12520</td>
<td>8988</td>
<td>3090</td>
<td>6831</td>
</tr>
<tr>
<td>2000-2001</td>
<td>15246</td>
<td>11036</td>
<td>3794</td>
<td>10262</td>
</tr>
<tr>
<td>2001-2002</td>
<td>18181</td>
<td>14439</td>
<td>4671</td>
<td>10641</td>
</tr>
<tr>
<td>2002-2003</td>
<td>21943</td>
<td>13759</td>
<td>3947</td>
<td>13385</td>
</tr>
<tr>
<td>2003-2004</td>
<td>26053</td>
<td>13522</td>
<td>3313</td>
<td>14682</td>
</tr>
<tr>
<td>2004-2005</td>
<td>23194</td>
<td>19451</td>
<td>5704</td>
<td>12541</td>
</tr>
<tr>
<td>2005-2006</td>
<td>28067</td>
<td>16916</td>
<td>4889</td>
<td>18504</td>
</tr>
<tr>
<td>2006-2007</td>
<td>36578</td>
<td>21413</td>
<td>3706</td>
<td>20749</td>
</tr>
<tr>
<td>2007-2008</td>
<td>61680.18</td>
<td>33328</td>
<td>1456</td>
<td>29146.16</td>
</tr>
<tr>
<td>2008-2009</td>
<td>202424.90</td>
<td>93182.73</td>
<td>7067.91</td>
<td>65616.71</td>
</tr>
</tbody>
</table>

Source:- Compiled from Annual Report of Maharashtra gramin bank.
The bank accepts mainly three types of deposits they are current deposits, saving deposits and term deposits. Deposits are accepted from the individual institution the deposits since 1999-2000 to 2006-2007 in this year deposits are increased in a gradual way since 2006-2007 to 2008-2009 there is tremendous growth in deposits, loan and advances, borrowing / refinance and investment because of the amalgamation of bank. In the year 1999-2000 the deposit was ₹ 12520 Lakhs and it increased upto ₹ 15246 Lakhs in 2000-2001 by ₹ 2726 Lakhs. In the next year 2001-2002 the deposits was 18181 Lakhs and it increased by 3762 and deposit was ₹ 21943 in the year 2002-2003, it increased by 4110 Lakhs and deposit was ₹ 26053 Lakhs in 2003-2004. In the year 2004-2005 the deposit was ₹ 23194 Lakhs which has been decreased compare to previous year by ₹ 2859 Lakhs, it increased by ₹ 4873 Lakhs and deposit was ₹ 28067 Lakhs in the year 2005-2006 it increased by ₹ 8511 Lakhs and deposit was 36578 Lakhs in the year 2006-2007, since the year 2007-2008 to 2008-2009 there tremendous growth in deposits. In the year 2007-2008 the deposit was ₹ 66859.88 Lakhs there is big difference compare to previous years. In the next year 2008-2009 the deposit was ₹ 202424.90 Lakhs.
As defined in the Regional Rural bank RRB Act 1976, the bank has earlier restricted its lending to the target group people only but now in changed circumstances, the Maharashtra gramin bank implements nearly all most all schemes of loans and advances which are given by commercial banks. The amount of loans and advances have been given in the following describes loans and advances in the year 1999-2000 loans and advances were ₹8988 Lakhs. In the year 2000-01 the loans and advances were ₹11036 Lakhs and difference between these two years was ₹2048 Lakhs it increased by ₹3403 Lakhs and loans advance were ₹14439 Lakhs in the year 2001-2002 but in the year 2002-03 there has been decrease in loan and advances compare to previous year and loans and advances were ₹13759

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Lakhs and difference was ₹-680 Lakhs. The same conditions was in next year 2003-2004 and loans and advance were ₹13522 Lakhs and the difference was ₹237 Lakhs. In the year 2004-2005 the loans and advances were ₹19451 Lakhs. In the next year 2005-2006 loans and advances were ₹16919 Lakhs. Loans and advances were ₹21413 Lakhs in 2006-2007, 41051.35 Lakhs was the loans and advances in the year 2007-2008 there was big difference compare to previous year. 93182.73 Lakhs were loans and advances in the year 2008-2009.

borrowing refinance in these years but in 2004-2005 the borrowing refinance was ₹ 5704 Lakhs. In the year 2008-2009 the borrowings refinance was ₹ 7067.91 Lakhs and it increases by ₹ 7244.22 Lakhs.

Performance of investment is continuous growth investment in the year 1999-2000 was ₹ 6831 Lakhs which has been increased by ₹ 3431 Lakhs and the investment in the year 2000-2001 was ₹ 10262 Lakhs. In next year 2001-2002 there is gradual increase in investment and investment was ₹ 10641 Lakhs. ₹ 13385 the investment in the year 2002-2003. ₹ 14682 was the investment in 2003-2004, it increases by ₹ 1297 Lakhs and the investment was ₹ 12541 Lakhs in the year 2004-2005 but in this year there was less investment. There is continuous growth in investment since 2005-2006 to 2008-2009. In 2005-2006 the investment was ₹ 18504 Lakhs and ₹ 20749 was the investment in the year 2006-2007. In next three years there was big growth in investment. In 2007-2008 the investment was ₹ 29146.16 Lakhs. ₹ 65616.71 Lakhs was the investment in the year 2008-2009.

Table No. 4.8 and graph shows the performance of Maharashtra gramin Bank and the table explain the credit-deposit ratio, NPA, Recovery and profit and loss. In the year 1999-2000 credit deposit ratio was 72. Credit-deposit ratio of the year 2000-2001 was 73.
Table 4.8
Performance of Maharashtra gramin bank
(Amount in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit deposits Ratio (CD)</th>
<th>NPA%</th>
<th>Recovery % June</th>
<th>Profit (+)/Loss (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>72</td>
<td>19.17</td>
<td>63</td>
<td>536</td>
</tr>
<tr>
<td>2000-2001</td>
<td>73</td>
<td>15.15</td>
<td>70</td>
<td>455</td>
</tr>
<tr>
<td>2001-2002</td>
<td>79</td>
<td>11.12</td>
<td>73</td>
<td>484</td>
</tr>
<tr>
<td>2002-2003</td>
<td>64</td>
<td>21.41</td>
<td>73</td>
<td>-324</td>
</tr>
<tr>
<td>2003-2004</td>
<td>52</td>
<td>22.19</td>
<td>65</td>
<td>335</td>
</tr>
<tr>
<td>2004-2005</td>
<td>84</td>
<td>12.93</td>
<td>70</td>
<td>256</td>
</tr>
<tr>
<td>2005-2006</td>
<td>60</td>
<td>12.89</td>
<td>66</td>
<td>280</td>
</tr>
<tr>
<td>2006-2007</td>
<td>59</td>
<td>7.06</td>
<td>66</td>
<td>424</td>
</tr>
<tr>
<td>2007-2008</td>
<td>61.40</td>
<td>4.46</td>
<td>52</td>
<td>502</td>
</tr>
<tr>
<td>2008-2009</td>
<td>46.03</td>
<td>2.21</td>
<td>58</td>
<td>1364</td>
</tr>
</tbody>
</table>

Source: Complied from Annual Report of Maharashtra gramin bank.

The highest credit-deposit ratio was counted in the year 2001-2002 and this is highest ratio compared to ten years. 64 is the credit-deposit ratio of the year 2002-03 – 2003-04, the credit-deposit ratio was 52. 2004-05 the credit deposit was 84 which was the highest credit-deposit ratio.
In 2005-06 the ratio of credit deposit was 60. Next year 2006-07 the credit/deposit ratio was 59 which has been decreased by 1 compared to previous year. 2007-08 the credit-deposit ratio was 61.40. In the next year 2008-2009 the ratio of credit and deposit was 46.03 which have been decreased by 15.37.

NPA stands for non-performing assets. The NPA is less it indicates that the position of bank is good. It indicates that the position of bank is good. Maximum percentage counted in the year 2003-04 and the percentage was 22.19. Second number in highest percentage of NPA counted in the year 2002-03 and the percentage was 21.41. Similarly the maximum percentage counted in the year 1999-2000 and the percentage was 19.17, then 2000-2001 year comes
after the year 1999-2000 where the percentage has been decreased by 4.02 and the percentage was 15.15. In the year 2001-02, 2004-05 and 2005-2006 there was little bit change in the percentage of NPA, the percentage of NPA was in 2001-02, 11.12. In the year 2004-05 the percentage was 12.93 and in the year 2005-06 the percentage was 12.89. There had been continuous decrease in the percentage of NPA since the year 2006-07 to 2009-10 and since the year 2006-07 the process of amalgamation has been started. The best performance in the percentage of NPA counted in the year 2008-09, the percentage was 2.21. Again in the year 2007-08 the performance of NPA percentage was best and the percentage was 4.46. In 2006-07 the percentage of NPA was 7.06.

Graph No. 4.4

The recovery is one of the main factors in the banking field there is description of recovery of ten years. Maximum percentage of
recovery indicates the best performance of loan recovery. Maximum percentage of loan recovery counted in the year 2001-02, 2002-03 & 2005-06 was 73 percent which was highest percentage age. Second best performance of loan recovery counted in the year 2000-01 and 2004-05 (70 percent). The percentage of loan recovery in the 1999-2000, 2003-04, 2006-07 was somehow different but approximately same and the percentage was in the year 1999-2000 – 63. In the year 2003-04 recovery (65 percent), in the year 2006-07 recovery (66 percent), the lowest percentage of recovery counted in the year 2007-2008 (52 percent) in the year 2008-09 recovery (58 percent).

The economical condition of bank by the profit and loss of that bank in these ten years the loss is only counted in the year 2002-03 and the loss was ₹ 324 Lakhs. Though in the year 2007-08 the bank has been amalgamated but profit was ₹ 502 Lakhs but it is less profit compared to the year 1999-2000 the profit was ₹ 536 Lakhs. The less profit has been counted in the year 2004-05 – 2005-06 and the profit was ₹ 256 Lakhs and ₹ 280 Lakhs. In the year 2000-01, 2001-02 and 2006-07 the profit was approximately similar and the profit was ₹455, Lakhs, ₹ 484 Lakhs and ₹ 424 Lakhs. In 2003-04 the profit was ₹ 335 Lakhs. The bank has been amalgamated in the year 2008-09. The highest profit has been counted and that was in the year 2008-09 ₹ 1364 Lakhs.
References:


9. Report of the committee on Rural Banks under the chairmanship of Shri M. Narasimham, Additional secretary, Ministry of finance, govt. of India.


19. The Report of Committee appointed by RBI to review arrangement for Institutional Credit for Agricultural and Rural Development (CRAFICARD).