Introduction

Basically, management development is a term that describes any number of activities that reflect a planned effort to enhance employees’ ability in various individual and team management techniques. In simple term, management development includes development of skills such as planning, organizing, leading and developing resources. A key skill for any employee is the ability to manage his own work and control his career path. Highly motivated and self-directed individuals can gain a massive amount of learning and other benefits for their organization by implementing an aggressive management development programme.

Management development refers to the process of training and developing managerial talent within a company or organization. But some questions arise here like; why do organizations need to waste time on training and development? Why not just hire the people they need when the time comes?

Nurturing in-house management talent may not seem important, but it is one of the most important aspects for the development of any organization. There are several reasons, as to why almost all the organizations are in favour of in-house management development. Some of them are listed below:

1. In-house management development programmes give employees the chance to utilize special leadership skills that may posses. These employees will certainly bring an enhanced perspective to management as they will know the working of the company from the ground up as opposed to managerial talent that is brought in from outside the organization.
2. Employees will feel more loyal towards the organization as they will see that the organization is also interested in promoting their career growth and progress.

3. Finally, the overall cost of developing management talent in-house as opposed to trying to recruit talent from the outside world will be much less. A good management development programme may cost during the initial setting up phase, but will not cost much after that. Individuals who have risen up from the management development programme will be happy to volunteer their time and mentor other employees. In general, a good management development program will save a lot of money for any organization.

Management development is a process that begins paying for itself very rapidly. They will begin to see the creation of a core team of individuals who are committed to the growth and progress of their organization. In the long run, this can only mean increased efficiency and profitability as the management talent in their organization grows stronger and stronger.

**Importance of Management Development Programmes**

Management development is crucial to an organization because managers oversee the performance of other employees. Training managers impact many employees within the organization. Management development enables an organization to equip its managers with the skills and expertise required to succeed at their respective jobs and make the organization successful. An organization with an effective management-development programme increases the productivity of its employees because such programmes increase employee engagement and motivation.

Internal management development is typically better than external management development as it allows an organization to equip its employees with the exact skills required within the organization, instead of developing only
general skills. Management development is a key to retaining young talented managers who want an opportunity to grow through official training.

Many organizations train their talented employees on most aspects of their jobs, but fail to offer personal support to the same employees. To avoid making this mistake, managers should take a personal interest in the future of their employees by coaching and mentoring them individually.

Building the foundation for success requires the mastering of business basics and the ability to know how to apply them. Management Development Programme offers an in-depth look at fundamental business tools and exposure to the latest ideas in the Management Development. Each of the programme will give them an opportunity to learn such critical issues as team building, finance, leadership, marketing, strategic management, consumer satisfaction and operations. They will learn everything from the concrete language of budgets to the subtle points of communication. Specifically they will gain:

1. Deeper understanding of the competitive forces that influence the success of the individual.
2. Learn strategic and managerial skills necessary for leadership in an entrepreneurial business world.
4. Learn the value of organizations and the strategies that shareholders value.
5. Understand effective marketing strategies to exceed customer expectations.

**Leader Development**

Leader development is defined as the “expansion of a person’s capacity to be effective in leadership roles and processes” (McCaulley, Van Veslor, & Rudeman, 2010, p. 2). These roles and processes are ones that aid in setting direction, creating alignment and maintaining commitment in groups of people sharing common work. Most organizational leadership research and educational programmes have focused on developing individual-based knowledge, skills, and
abilities associated with formal leadership roles of individuals. (Day, 2000). Leader development therefore results by investing in human capital.

**Leader Development and Management Development**

Management development and leadership development can often be confused as one. Although they also can overlap, there are key differences between the two that are not to be confused with leader development. Leadership processes allow groups of people to work together, whereas management processes are considered to be position and organization specific (Keys & Wolf, 1988). Management Development includes managerial education and training (Latham & Seijts, 1998; Maillick, Stumpf, Grant, Kfir, & Watson, 1998). There is a greater emphasis on gaining specific types of knowledge, skills and abilities to enhance task performance in management roles (Baldwin & Padgett, 1994; Keys & Wolfe, 1988; Wexley & Baldwin, 1986). Also, management development’s goal is to apply proven solutions to problems giving it more of a training orientation. Management development focuses more on the formal managerial roles.

**Modes of Management Development**

Management development takes place through multiple mechanisms such as formal instruction, developmental job assignments, 360-degree feedback, executive coaching, and self-directed learning (Boyce, Zaccaro & Wisecarver, 2009; Day, 2000). These mechanisms may occur independently, but are more effective in combination.

**Formal Training**

Organizations often offer formal training programmes to their leaders. Traditional styles provide leaders with required knowledge and skills in a particular area by utilizing coursework, practice, repetitive learning with rehearsals, and feedback (Kozlowski, 1998). This traditional lecture-based
classroom training is useful. However, the limitations include the leader’s ability to transfer the information from a training environment to a work setting.

**Developmental Job Assignments**

Formal training organizations should assign leaders to developmental jobs that target the newly acquired skills (Zacarro & Banks, 2004). A job that is developmental is one in which leaders learn, undergo personal change, and gain leadership skills resulting from the roles, responsibilities and tasks involved in that job (McCauley & Brutus, 1998). Developmental job assignments are one of the most effective forms of leader development and management development (Ohlott, 2004). After training, a leader should first complete a “stamping-in” assignment. A “stamping-in” assignment is one in which the leader masters the new skills before moving on to a “stretch assignment” (Zacarro & Banks). The “stretch” or developmental assignment challenges the leader’s new skills and pushes them out of their comfort zone to operate in a more complex environment involving new elements, problems and dilemmas to resolve (Ohlott, 2004). A truly development assignment does not depend on existing skills, it challenges the leader to understand his or her current limitations and develop new skills (Zaccaro & Banks). These assignments should be given to leaders who do not possess the skills to succeed at the current assignment, but who have the ability to succeed at higher levels (Zaccaro & Banks). Developmental assignments should be accompanied by appropriate feedback that assess the leader’s strengths and weaknesses in order to be successful (Zaccaro & Banks).

**Three Hundred and Sixty-degree Feedback**

Three hundred and sixty-degree feedback is a necessary component of leader development which allows leaders to maximize learning opportunities from their current assignment. It systematically provides the leader with perceptions of his or her performance from a full circle of viewpoints including subordinates, peers, superiors (Day, 2000), and the leader’s own self-assessment (Zaccaro &
Banks, 2004). With many different sources from which to interpret information, the messages may differ and be difficult to interpret. However, when several different sources concur on a similar perspective, whether a strength or weakness, the clarity of the message increases (King & Santana, 2010). For this mechanism to be effective, the leader must accept feedback and be open and willing to make changes. An effective way to facilitate the feedback through open discussion and to help facilitate change is through coaching (Day, 2000).

**Executive Coaching**

The goal of executive coaching focuses on enhancing the leader’s effectiveness along with the effectiveness of the team and organization (Frankovelgia & Riddle, 2010). It involves an intense one-on-one relationship designed at learning important lessons through assessment, challenge, and support. Although coaching is sometimes aimed at correcting a fault, it is being used more and more to help the already successful leaders move to the next level of increased responsibilities, and new and complex challenges. Coaching must move towards measurable goals that contribute to individual and organizational growth. Day (2000) proposes that leaders should be carefully selected, willing to change, and matched with a compatible coach in order for coaching to be most effective.

**Self-directed Learning**

Self-directed learning is an individual leader’s aim in identifying the focus of development, specifying the developmental processes, and identifying the resources (Boyce, Zaccaro, & Wisecarver, 2010). Self-development is the process of not only acquiring new skills but also gaining an understanding of the leader’s environment and self through new experiences and activities, such as seeking out mentors or developmental job assignments (Boyce, Zaccaro, & Wisecarver, 2010). These modes of management development have been adopted by the Krishna Grameena Bank.
IBS – Hyderabad (Faculty of Management) of the IFHE University seeks to provide a high quality learning experience, in an adaptive environment, with a focus on relevance, rigor and research. The mission of IBS is to develop ethically-grounded professional managers who can add value to the organizations and communities to which they belong. IBS has a reputation of innovative programme design and delivery, quality course, personalized instruction. Since its establishment in 1995, IBS has grown impressively and achieved widespread recognition from business, industry, academic circles, banks etc.

IBS conducting the Management Development Programme on “Customer Relationship Management in Banks” is an unique opportunity for practicing Managers to get a new look at the age old customer relationships that was, and what continues to be, the central focus of the entire gamut of banking operations. Banking Industry in India has moved a full circle from the days of ‘Brick Mortar Banking’ to the present generation of ‘Virtual Banking’. This new age of Banking has also brought a new generation of customers, with new set of expectations from their Banks. In this backdrop, banks have to continuously find ways and approaches to engage and build lasting customer relationships, using the various elements, processes, systems, tools and techniques of Customer Relationship Management.

**Training methods and practices in public sector Banks:**

Public sector banks place great importance on their training and that is why these banks are known as a workplace where staff can both really learn and work at the same time. Training at public sector banks have been important tasks or functions to be completed by the human resource department. Whichever level an employee enters the organization it is mandatory for such new employee to go through the series of trainings both on the job and off the job.
**Induction courses:**

After the recruitment of the employees, induction processes of the bank follow. Induction training is conducted to newly employed staffs of public sector banks within the branches of the bank. The programme is intended to improve the financial literacy of participants whilst strengthening their knowledge and competencies. This is carried out both on the job and off the job which enables the new entry level officers to understand the business and development of skills needed to carry out their job functions required by the organizations. A one-week induction course for experienced new joinees and a three-day induction course are available to certain grade levels. In addition, desk to desk induction is structured specifically for senior management staff.

**Off the job training in Public sector Bank:**

This is a training programme outside the organization which is encouraged by the bank. The bank usually sponsors and supports its staff for specialized training in various fields especially in the area of the modern day technology, credit and mortgage etc. Staff members have been sent to training in different training programmes such as (core banking application) financial training in different states of India. Such staffs have come back with more knowledge and are able to pass such knowledge to their subordinates and co-workers.

**On the job training in banks:**

Public sector banks mostly make most use of on-the-job training by assigning a trainer to the new employees to put them into thorough training by learning the practical aspect of the job, on-the-job.

Job rotation is also an important training method employed by the bank where staff members are moved from different departments to gain more experience and familiarize themselves with all areas of banking, like marketing, credit, operations and application of core banking software. Public sector bank staff members gain a lot through job rotation as employees will be given
opportunity to work in different departments of the bank which in turn is helpful to them. This initiative also helps staff members to move round different departments which enable them bring in new ideas to other departments to enhance employee performance.

Job rotation of staff also reduces boredom on the job, because of diverse tasks to be carried out by employees. This also enables the staff to understand all the core aspects of banking as well as working with different people and senior managers across the business.

Knowledge sharing section:

This is a training programme designed by the banks to be conducted by each branch on weekly basis. It is anchored by designated staff of the bank on a rotation basis. The aim is to bridge learning gaps in the operations of the bank. This is done specifically to update each staff of the bank on operations of the bank, the position of the bank, introduction of new products as well as knowledge outside the banking operations

Training and development adopted by RRBs in South India:

Definitions of Training and Development:

According to the Michel Armstrong, “Training is systematic development of the knowledge, skills and attitudes required by an individual to perform adequately a given task or job”.

According to the Edwin B Flippo, “Training is the act of increasing knowledge and skills of an employee for doing a particular job.”

Dale S Beach defined it as “Training is usually considered as the organized procedure by which people gain knowledge and increase skill for a definite purpose”

In the light of the above definitions of the training, the RRBs have differentiated training with development which is explained below.
Differences between Training and Development:

Employee training is different from management development or executive development. While the former refers to training given to employees in the operational, technical and allied areas, the latter refers to developing an employee in the areas of principles, and techniques of management, administration, organization and allied ones. So, with this difference, the trainings and management development programmes will be conducted by the RRBs in southern part of India. Brief explanation of both training and development that has been made by them are mentioned below.

Training:

The aim of any training programme is to provide instruction and experience to new employees to help them reach the required level of performance in their jobs, quickly and economically. For the existing staff, training will help develop capabilities to improve their performance in their present jobs, to learn new technologies or procedures, and to prepare them to take on increased and higher responsibilities in the future.

Development:

Employee Development Programmes are designed to meet specific objectives, which contribute to both employee and organizational effectiveness. There are several steps in the process of management development. These includes reviewing organizational objectives, evaluating the organization’s current management resources, determining individual needs, designing and implementing development programmes and evaluating the effectiveness of these programmes and measuring the impact of training on participants’ quality of work in their organizations.

Hence, Krishna Grameena Bank has given due importance to imparting training to its staff members to upgrade their knowledge and skill by deputing them to different training centers of SBI, NABARD, NIRB, NIRD and Reserve Bank of India. An Organizational Development Initiative Programme (ODI)
mooted by NABARD has been launched in the bank with the assistance of the visiting faculty of State Bank of India. The first phase has been implemented in June 2003. Further follow-up action is in progress. The Bank believes in the philosophy of “learning is a continuous process”. Hence, staff members are being deputed to different training institutes situated in Bangalore, Pune and Dharwad. The Bank has also been conducting in-house training at the Head Office at Gulbarga. During the year 2010-11, 63 employees of the bank have been deputed to different training institutes and 460 staff members were provided in-house CBS training.

**Infrastructure Facilities in the bank:**

Infrastructure refers to the fundamental facilities and systems serving a country, city, firm, organization or area, including the services and facilities. It typically characterizes technical structures such as roads, bridges, tunnels, water supply, sewers, electrical grids, interiors, furnishings, telecommunications and so on and so forth. It can be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance the working conditions."

The Krishna Grameena Bank has completed 32 years of its meaningful service to the people of Gulbarga, Yadgir and Bidar districts. Since its inception, the bank is striving hard to achieve its set objectives in its area of operation. The bank has now extended its coverage to all the urban and semi-urban centres in the above districts.

The Head Office Building is well equipped with centralized air conditioning, computerized functioning, solar lighting, modern gadgets and a well maintained garden. The head office premise is regarded as one of the Best Corporate Offices not only in Gulbarga city but also in the entire Hyderabad-Karnataka area.

**Improvement in Ambience of Branches:**

The KGB has significance for the improvement in ambience of branches. Location of branches and its ambience will motivate staff to render better
customer service, which in turn will pay rich dividends in the growth of business. Towards this end during the financial year 2010-11, 3 branches were shifted to better locations with more spacious premises. These branches were supplied with modern furniture. This policy will be continued in the coming financial years also.

**Computerization:**

As per the direction received from the State Bank of India, the sponsor bank for the KGB, CBS software which is being used at SBI branches, is rolled out to the branches of Krishna Grameena Bank. The whole process of migration to CBS has been completed in 2009. Bank has established a Computer Lab in the Annex building for upgrading the skills of employees regularly.

**Bank’s Website:**

This is the age of communication. With a view to provide access to the public, information regarding the Bank, the Bank’s own website was established in 2006. The website provides the brief particulars of the bank, various deposit schemes, rate of interest on deposits and loans and advances. The contact address and phone numbers of all branches, area Offices and Head Office functionaries are also available on bank’s website. The website is available in English as well as Kannada.

**Inter Office Reconciliation:**

All the entries of all the branches up to March 2011 have been processed and majority of the entries reconciled. Efforts are on to bring in further excellence in this vital area.
PERFORMANCE OF KRISHNA GRAMEENA BANK

The rapid expansion of banking facilities helps the financial sustainability and optimize the indigenous financial resources. The effort made by RRBs in the expansion of branches, deposit mobilization, rural development, credit disbursement to small and marginalized section of rural areas are appreciable. The RRBs have taken a major step for rural households to make them to come nearer to the banking facilities. Institutional finance is the lifeblood of modern economic system without which no system can survive. In agricultural development also, its role is crucial. Adequate institutional credit is considered to be the most important factor, which if suitably provided, will go a long way to put the economy of the farmers especially the small and marginal farmers on a sound footing (Selvaraj 1998).

The RRBs in India and for that matter in Karnataka have had a long standing of nearly more than thirty years. The main objective of these institutions has been to promote the agrarian sector. But as the time passed by, they were made to accept the functions of Sponsor, Commercial and Nationalized Banks. Further, due to great inputs given to rural development, specially the aftermath of 1991-92 banking reforms and adhering to the goal of globalization, the RRBs have been entrusted with the task of financing rural industries, weaker sections and people below the poverty line. In the course of time, due to proximity of branch locations with Commercial Nationalized Banks (CNBs) and overlapping of activities and finance, they had a great set back by the end of 20th century.

The RBI and NABARD undertook a bailout programme through the sponsor bankers. Added to this, by the end of 2004-05 they were subject to amalgamation; that means 196 banks were reduced to 133 and in Karnataka itself and 13 banks were reduced to 7 banks. This is no small an act which has made radical change in the structure and functions of RRBs. On the one hand the CNBs and their staff have opposed amalgamation. But the staff of the RRBs started
feeling themselves as real and not as cousin brothers of the staff of CNBs, that means that the Act helped to get their personal gains maximized. This is not without having any inconsequence effect on the operation of the RRBs. Therefore, there is need for the study of performance of RRBs, especially in an agriculturally poor but growing industrially rich state in the country i.e., Karnataka.

It is needless to say that 1998-99 to 2010-11 is a period which really makes a drastic change in the functioning of the RRBs. Because, not just agriculture but the entire rural development help to weaker section artisans, rural industries such as handlooms, power looms, pottery, milk dairy, piggery and other SSI industries and self help groups have to be financed by RRBs. The RRBs have been making enough progress even to the extent of encouraging export earning for rural and rural household and SSI industries in Karnataka. But being not only small in terms of capital but subject to controls by four sponsors CNBs, NABARD, RBI and state-governments, the attitude and thinking of the staff has made a substantial impact on the working of the RRBs. Therefore, in a state like Karnataka a more recent and up to date study on the performance is need of the hour.

The Krishna Grameena Bank, a subsidiary of the State Bank of India (SBI), has been adjudged as the third best rural bank in the country in the overall performance among the 16 rural banks sponsored by SBI. Among the 16 rural banks sponsored by the SBI, Utkal Grameena Bank was adjudged the best, followed by Lagpi Dehangi Rural Bank located in Assam. Krishna Grameena Bank secured the third spot in the overall performance. Last year, Krishna Grameena Bank had secured fourth place in the overall performance. (The Hindu, National Daily Newspaper, 8th January 2008).

The Regional Rural Banks in India in general and Karnataka in particular have had a long standing of nearly more than thirty years. The main objective of
these institutions has been to promote the agrarian sector. But as the time passed by, they were made to accept the functions of sponsor Bank. Further, due to great inputs given to rural development, especially after 1991 new economic policy, banking reforms and adhering to the goal of globalization, the RRBs have been entrusted with the task of financing rural industries, weaker sections and people below the poverty line in course of time due to proximity of branch locations with Commercial Nationalized Banks.

The Krishna Grameena Bank (KGB) is an important Regional Rural Bank (RRB) providing institutional credit to agricultural sector. This RRB is considered for restructuring in Karnataka in the light of financial reforms in all sectors with special emphasis to the agriculture. Hence, KGB was selected in the present study with an overall objective of evaluating the bank’s performance by identifying different parameters of financial indicators. The analysis is done for the period of one decade from the financial year 2001-02 to 2010-11.

The operational area of the Krishna Grameena Bank is the districts of Gulbarga, Yadgir and Bidar in Karnataka. It has been established on 1st December 1978 under the RRBs Act of 1976, the Bank has completed 35 years of its meaningful service to the people of the region. It is striving hard to achieve its set objectives in its area of operation. The bank has now extended its coverage to all the Urban and Semi-Urban centers in all the three districts. The Bank enjoys the popularity as the “People’s Bank” in the area. The bank has an authorized share capital of Rs.50,000/- thousands and an issued and paid-up capital of Rs.10,000/- thousands contributed by the three share holders, Viz., Government of India (50%), sponsor Bank, the State Bank of India (35%) and Government of Karnataka (15%).

Growth of the Krishna Grameena Bank:

The growth and progress of the Bank can clearly be analyzed with the help of below table 4.1. It shows that the number of branches in 2001-02 were 107 and
the same increased to 139 branches in 2010-11 including all 3 districts of Gulbarga, Yadgir and Bidar. Business of the each of the branch goes on increasing year by year during the decade from 441 lakhs in 2001-02 to 2093 lakhs in 2010-11. The number of branches during the period of 5 years from 2002-03 to 2006-07 has not increased. It was 106 branches during this period. But after that i.e., from 2007-08 to 2010-11 number of branches grown from 109 to 139. It can be treated as very good growth and progress in respect of number of branches. The business of each branch over the past 10 years shows that a considerable increase has occurred. The data shows that nearly 7 times growth has happened during this decade.
Table 4.1

Growth and Progress of KGB  
(Amount in lakhs)

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Branches</td>
<td>107</td>
<td>106</td>
<td>106</td>
<td>106</td>
<td>106</td>
<td>109</td>
<td>112</td>
<td>119</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>Business per Branch (Deposits+Advance) (Amount in Lakhs)</td>
<td>441</td>
<td>514</td>
<td>588</td>
<td>777</td>
<td>943</td>
<td>1186</td>
<td>1437</td>
<td>1710</td>
<td>1883</td>
<td>2093</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Distribution of Branches:
Table 4.2

District-Wise Categories of Branches

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Category of Branches</th>
<th>Gulbarga District</th>
<th>Yadgir District</th>
<th>Bidar District</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Urban</td>
<td>11</td>
<td>02</td>
<td>05</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>Semi-Urban</td>
<td>06</td>
<td>04</td>
<td>04</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Rural</td>
<td>50</td>
<td>24</td>
<td>33</td>
<td>107</td>
</tr>
<tr>
<td>4</td>
<td>Total</td>
<td>67</td>
<td>30</td>
<td>42</td>
<td>139</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.

The operational area of KGB is the districts of Gulbarga, Yadgir and Bidar. There are 3 categories of branches which have been classified as Urban, Semi-Urban and Rural. Out of 139 branches, 107 branches are in the Rural areas, 18 in the Urban areas and 14 in the Semi-Urban areas. As it is clear from the table 4.2, majority of the branches are in the rural areas. More than 76 percent of the branches are in the rural areas. It reveals that, this bank is in the service of the rural people in the real sense. Yadgir district has less number of branches i.e., 30 compared to other districts and Gulbarga has more number of branches with 67. Bidar district has 42 branches. Krishna Grameena Bank is still wanting to increase the number of branches.
Share Capital Deposit:

The following table 4.3 reveals the following facts about the share capital deposit of Krishna Grameena Bank. During the financial year 1997-98 the Bank was taken up for restructuring and a sum of Rs.251800/- thousands was sanctioned to cleanse the Balance Sheet. Accordingly, an aggregate sum of Rs.187577/- thousands has been received from all the three shareholders proportionately. As on 31-03-2011, the position of Share Capital Deposit is - Government of India has sanctioned Rs.93788/- thousands, Government of Karnataka has given Rs.28137/- thousands and sponsor Bank, State Bank of India has sanctioned Rs.65652/- thousands aggregating to Rs.187577/- thousands.

Table 4.3

Share Capital Deposit of the Bank as on 31-03-2011

(Rupees in thousands)

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the Share Holder</th>
<th>Amount Released</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government of India (50%)</td>
<td>93788</td>
</tr>
<tr>
<td>2</td>
<td>Government of Karnataka (15%)</td>
<td>28137</td>
</tr>
<tr>
<td>3</td>
<td>State Bank of India (35%)</td>
<td>65652</td>
</tr>
<tr>
<td>4</td>
<td>Total</td>
<td>187577</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.

Deposits and Advances:

The following table reveals that Krishna Grameena Bank has a deposit of Rs.2300440/- during the year 2001-02 which increased to Rs.4628355/- in a span of 5 years during year 2005-06 and in the year 2010-11 it has gone up to Rs.12868752/- thousands. The table 4.4 shows a increase of 459.40 percent over the period of a decade.
The following table also gives us the information about the advances of the KGB over the period of 10 years from 2001-02 to 2010-11. It indicates that advances of the bank during 2001-02 were Rs.21069/- thousands and the same increased to Rs.122475/- thousands. It means that we can clearly see an increase of 481.30 percent.

So, the table 4.4 indicates the increase in both Deposits as well as Advances.

Table 4.4
Increase in Deposits and Advances of KGB

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>23004</td>
<td>27647</td>
<td>31059</td>
<td>37458</td>
<td>40286</td>
<td>53717</td>
<td>67208</td>
<td>81305</td>
<td>95819</td>
<td>12868</td>
<td>12247</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td>55</td>
<td>63</td>
<td>04</td>
<td>55</td>
<td>78</td>
<td>64</td>
<td>20</td>
<td>260</td>
<td>752</td>
<td></td>
</tr>
<tr>
<td>Advances</td>
<td>21069</td>
<td>23763</td>
<td>27700</td>
<td>40286</td>
<td>53717</td>
<td>67208</td>
<td>81305</td>
<td>95819</td>
<td>11471</td>
<td>12247</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.

Total Business and Loss/Profit of the Bank:

The total business of the bank goes on increasing year by year indicating a positive trend for the functioning of the bank. Total business of the Krishna Grameena bank is Rs.44073/- thousands in the year 2001-02 and increased to Rs.251165/- indicating 469.88 percent increase in a span of 10 years. Table 4.5 reveals the fact that the total business of KGB has not decreased a bit in any of the years. Over the period of one decade the bank has got the net result in the form of profit. Every year the bank gained profit and the profit increased for the first 3 years from Rs.423/- lakhs in 2001-02 to Rs.2167/- lakhs in 2004-05. After that it
decreased to Rs.1406/- lakhs, Rs.1650/- lakhs, Rs.1954/- lakhs, Rs.1150/- lakhs, Rs.1788/- lakhs and Rs.1946/- lakhs in 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively. The following table reveals the fact that the KGB has not incurred loss in any of the years during the span of a decade. So, the bank only gained profit and not incurred any loss during this period.

**Table 4.5**

**Total Business and Loss/Profit of the Bank**

(Rupees in thousands)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Business</td>
<td>44073</td>
<td>51410</td>
<td>58759</td>
<td>77744</td>
<td>100001</td>
<td>125671</td>
<td>156636</td>
<td>191574</td>
<td>224137</td>
<td>251162</td>
</tr>
<tr>
<td>Net Result(Profit/Loss)</td>
<td>423</td>
<td>536</td>
<td>703</td>
<td>2167</td>
<td>1406</td>
<td>1650</td>
<td>1954</td>
<td>1150</td>
<td>1788</td>
<td>1946</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.

**Growth Rate of Resource Components:**

Table 4.6 reveals the following facts. Deposits of the KGB have grown up to Rs.12868752/- thousands in the year 2010-11 from 2300440 during the year 2001-02. It shows that the deposits of the bank have increased considerably in a span of a decade. It indicates the favourable trend with 459.40 percent over the same period. The overall average deposits of KGB from 2001-02 to 2010-11 is Rs.157989854.80/- thousands. The borrowings outstanding of the bank decreased during the same period showing a favourable trend to the bank. Because it decreased from Rs.656445/- thousands in 2001-02 to Rs.36630/- thousands in 2010-11, it indicates the decreasing growth of minus 94.42 percent. So, decrease in the outstanding of the bank is a positive development. It reveals that the bank is becoming capable of handling the funds on its own. The overall average of the bank’s borrowings outstanding during years from 2002-11 is Rs.1920451.80/- thousands.
Table 4.6
Growth Rate of Resource Components of KGB
(Rupees in thousands)

<table>
<thead>
<tr>
<th>Resources</th>
<th>2001-02</th>
<th>2010-11</th>
<th>Trend</th>
<th>Growth %</th>
<th>Overall Average 2002-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>2300440</td>
<td>12868752</td>
<td>Favourable</td>
<td>459.40</td>
<td>157989854.80</td>
</tr>
<tr>
<td>Borrowings O/s</td>
<td>656445</td>
<td>36630</td>
<td>Favourable</td>
<td>-94.42</td>
<td>1920451.80</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.

Growth Rate of Advances and Investments:

Table 4.7
Table for Growth Rate of Advances and Investments of the Bank
(Rupees in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2001-02</th>
<th>2010-11</th>
<th>Trend</th>
<th>Growth %</th>
<th>Overall Average 2002-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances</td>
<td>2106928</td>
<td>12247550</td>
<td>Favourable</td>
<td>581.30</td>
<td>5815987.10</td>
</tr>
<tr>
<td>Investments</td>
<td>1140842</td>
<td>2512780</td>
<td>Favourable</td>
<td>220.26</td>
<td>167478.78</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Growth Rate of Advances and Investments of the Bank

IN THOUSAND OF RUPEES

<table>
<thead>
<tr>
<th></th>
<th>2001-02</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances</td>
<td>2106928</td>
<td>12247550</td>
</tr>
<tr>
<td>Investments</td>
<td>1140842</td>
<td>2512780</td>
</tr>
</tbody>
</table>

Growth Index

- Advances: 581.3
- Investments: 220.26
The above table 4.7 indicates that advances and investments of Krishna Grameena Bank have increased during the period of the study. Advances of the bank have increased to Rs.12247550/- thousands in 2010-11 from Rs.2106928/- thousands. It shows the growth rate of 581.30 percent from 2001-02 to 2010-11. Investments of the bank have grown up from Rs.1140842/- thousands in 2001-02 to Rs.2512780/- thousands in 2010-11. It shows the favourable trend with 220.26 percent growth. The overall average of both advances and investments during the period 2002-11 are Rs.5815987.10/- thousands and Rs.167478.78/- respectively.
### Productivity of Per Branch and Staff:

**Table 4.8**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001-02</th>
<th>2005-06</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Business</strong></td>
<td>44073</td>
<td>100001</td>
<td>251162</td>
</tr>
<tr>
<td><strong>No. of Branches</strong></td>
<td>107</td>
<td>106</td>
<td>139</td>
</tr>
<tr>
<td><strong>Per Branch Productivity</strong></td>
<td>412.00</td>
<td>943</td>
<td>2093</td>
</tr>
<tr>
<td><strong>Total Staff</strong></td>
<td>485</td>
<td>483</td>
<td>546</td>
</tr>
<tr>
<td><strong>Per Staff Productivity (Excl.Sub Staff)</strong></td>
<td>116</td>
<td>266</td>
<td>457</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.

The above table 4.8 reveals the facts about the productivity of each branch and each staff excluding the sub-staff. The productivity of each branch is calculated for the 3 years by giving a gap of 5 years in between. Hence, the productivity of each branch during the year 2001-02 is Rs.412/- lakhs, Rs.943/- lakhs in 2005-06 and Rs.2093/- in 2010-11. It indicates the growth of 408 percent during the period of 10 years. Productivity of each staff of the bank also shows a increasing trend during the same period. It has increased to Rs.457/- lakhs in the year 2010-11 from Rs.116/- lakhs in 2001-02 and Rs.266/- lakhs in 2005-06.
Non-Performing Assets (NPAs):

In the wake of the financial reforms undertaken by the Government of India based on the Narasimhan Committee report I and II, prudential norms were introduced by Reserve Bank of India to address the credit monitoring process being adopted and pursued by the banks and financial institutions. To strengthen further the recovery of dues by banks and financial institutions, Government of India promulgated The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

A classification used by financial institutions that refer to loans that are in jeopardy of default. Once the borrower has failed to make interest or principal payments for 90 days after he borrowed money, the loan is considered to be a non-performing asset. These are also known as Non-performing loans. Non-performing assets are problematic for financial institutions since they depend on interest payments for income. Troublesome pressure from the economy can lead to a sharp increase in non-performing loans and often results in massive write-downs.

An account is declared as NPA based on the recovery of installments and interest on loans and advances and other aspects as per RBI norms. The updated norms to declare the account as NPA as per RBI guidelines as follows:-

1. An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.
2. A non performing asset (NPA) is a loan or an advance where;
   (i) Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
   (ii) The account remains ‘out of order’ in respect of an Overdraft/Cash Credit (OD/CC), if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less
than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

(iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

(iv) The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

(v) The installment of principal or interest thereon remains overdue for one Crop season for long duration crops,

(vi) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.

(vii) In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

3. Banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

The said guidelines further elaborate certain other aspects of Prudential Norms on Income Recognition, Asset Classification and provisioning pertaining to Advances and loans.

A close look at the way the banks and financial institutions declare the accounts as NPA shows that the very fundamental principles as envisaged by RBI in their preamble are being overlooked which states, “the Reserve Bank of India has introduced, in a phased manner, prudential norms for income recognition, asset classification and provisioning for the advances portfolio of the banks so as to move towards greater consistency and transparency in the published accounts.”
Further, RBI also expects, “The policy of income recognition should be **objective and based on record of recovery rather than on any subjective considerations.** Likewise, the classification of assets of banks has to be done on the basis of **objective criteria which would ensure a uniform and consistent application of the norms.**” RBI again exhorts the banks and financial institutions, “Banks are urged to ensure that while granting loans and advances, **realistic repayment schedules may be fixed on the basis of cash flows with borrowers. This would go a long way to facilitate prompt repayment by the borrowers and thus improve the record of recovery in advances.**” Thus it is evident that the crux of the problems of recovery of loans in the banks and financial institutions lay on the aforesaid facts as stated by RBI in their guidelines.

**Views of Supreme Court:**

The Supreme Court of India in the matter of Mardia Chemicals judgment states, “Liquidity of finances and flow of money is essential for any healthy and growth oriented economy. **But certainly, what must be kept in mind, is that the law should not be in derogation of the rights which are guaranteed to the people under the Constitution. The procedure should also be fair, reasonable and valid, though it may vary looking to the different situations needed to be tackled and object sought to be achieved.**” It is thus obvious that whatever actions that the banks and financial institutions initiate to recover the dues should not be in derogation of the rights which are guaranteed to the people under the constitution coming under the purview of Fundamental Rights should not also infringe in to the Human Rights and Principles of Natural Justice.

Now the question arises as to whether banks and financial institutions have reduced the level of NPA in spite of introducing such acts? Statistics shows that the NPA level is ever increasing and the introduction of the aforesaid acts have not served their purpose fully. What prevents the banks and financial institutions to implement an effective process to recover their dues?
There are primarily two reasons, the first being their attitude and approach towards financing and recovery particularly of SMEs and the second is the lack of full knowledge about the law and practice of banking and the violations of RBI directives through their circulars which are mandatory to be followed by the banks and the financial institutions.

The net non-performing assets (NPAs) of banks had gone up 51% in FY13 to Rs.92825/- crores. According to a recent CRISIL report, the gross NPAs of banks are slated to increase from 3.3% in March 2013 to 4% by March 2014. The pertinent question is, will the banks and the financial institutions shed their jaundiced view towards declaring the accounts as NPA and recovery of their dues coming under the category of NPA and will they take a new and pragmatic and practical approach of focusing on “efficiency and fairness” and taking a tolerant view of “genuine difficulties while coming down on mismanagement or fraud.” as exhorted by the Governor of RBI? The answer is a Big No if the present approach and attitude of the banks and financial institutions are taken into consideration in the matter of recovery of dues and financing. The KGB has also taken several steps to reduce its NPA. The NPA status of the Krishna Grameena Bank can clearly be seen in the following table 4.9.
Table 4.9
NPA status of the KGB from 2001-02 to 2010-11
(Rupees in thousands)

<table>
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</thead>
<tbody>
<tr>
<td>NPA Outstanding</td>
<td>226832</td>
<td>313182</td>
<td>349095</td>
<td>105716</td>
<td>142658</td>
<td>197675</td>
<td>142635</td>
<td>181071</td>
<td>149560</td>
<td>167432</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Table 4.9 gives us information about the details of Non Performing Assets. NPA of Krishna Grameena Bank varies during this decade. The NPA of Rs.226832/- thousands in 2001-02, increased to Rs.313182/- thousands during financial year 2002-03. It decreases to Rs.105716/- in 2004-05. This is the lowest in the entire decade. During 2005-06, it again increased to Rs.142658/- thousands. There onwards also, we can see the variation in the NPA status of the bank. It is Rs.167432/- thousands in the year 2010-11. The data presented in the above table shows that NPA status of the bank moved positively from 2001-02 to 2010-11. It was Rs.226832/- thousands in the year 2001-02 and decreased considerably to Rs.167432/- thousands which is definitely a positive move in this direction.

So, at this point of time, we can say that Krishna Grameena Bank has taken some measures during this period to reduce the Non Performing Assets. This is where the Bank will receive appreciation both from the sponsor bank as well as from the government who are the contributor to the bank. Similarly, the bank has also been performing well to attract the attention of the customers.
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</thead>
<tbody>
<tr>
<td>CD Ratio</td>
<td>92.00</td>
<td>85.95</td>
<td>89.23</td>
<td>107.55</td>
<td>116.06</td>
<td>114.95</td>
<td>107.93</td>
<td>100.07</td>
<td>104.78</td>
<td>95.17</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Credit-deposit ratio, popularly known as CD ratio, is the ratio of how much a bank lends out of the deposits it has mobilized. RBI does not stipulate a minimum or maximum level for the ratio, but a very low ratio indicates banks are not making full use of their resources. Alternatively, a high ratio indicates more reliance on deposits for lending and a likely pressure on resources.

CD ratio helps in assessing a bank's liquidity and indicates its health - if the ratio is too low, banks may not be earning as much as they should. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements which may affect capital adequacy and asset-liability mismatch. A very high ratio could have implications at the organizational level.

Expressed as a percentage, CD ratio is computed as under:

\[
\text{Credit-Deposit Ratio} = \frac{\text{Total Advances}}{\text{Total Deposits}} \times 100
\]

The CD or Credit Deposit Ratio of Krishna Grameena Bank is presented in the above table 4.10. During the year 2001-02 CD ratio of the bank was 92 percent. In the next financial year it decreased to nearly 86 percent. Then it goes on increasing in the next 3 financial years to 89 percent, 107 percent and 116 percent in 2003-04, 2004-05 and 2005-06 respectively. Again CD ratio percentage decreased in the next 3 years. And in 2009-10 it has increased to almost 105 percent and then decreased to 95.17 percent in the year 2010-11.

**Cash Reserve Ratio:**

CRR or cash reserve ratio is the minimum proportion or percentage of a bank's deposits to be held in the form of cash. But Banks actually do not hold these as
cash with themselves, but deposit the same with RBI or currency chests, which is considered equivalent to holding cash with themselves. So, Cash Reserve Ratio is a percentage of amount a bank has to deposit in the RBI or Central bank of India.

When a bank's deposits increase to Rs.100 crores, and considering the present cash reserve ratio of 6 percent, bank will have to hold an additional Rs.6 crore with RBI and will be able to use only Rs.94 crore for investments and lending. Therefore, higher the CRR, lower the amount that banks can lend. Thus, RBI can control the liquidity by changing the CRR i.e. increase CRR to reduce the lendable amount and vice-versa.

**Statutory Reserve Ratio:**

SLR or statutory liquidity ratio is the minimum percentage of deposits that a bank has to maintain in the form of gold, cash or other approved securities. It is the ratio of liquid assets (cash and approved securities) to the demand and term liabilities or deposits.

RBI is empowered to increase this ratio up to 40%. An increase in SLR restricts the bank's leverage position to pump more money into the economy, thereby regulating the credit growth of the bank.
Table 4.11
Gross loans and advances and their growth
from 2001-02 to 2010-11

(Rupees in thousands)

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</thead>
<tbody>
<tr>
<td>Gross loans and advances</td>
<td>2106928</td>
<td>2376335</td>
<td>2770018</td>
<td>4028610</td>
<td>5371733</td>
<td>6720816</td>
<td>8130511</td>
<td>9581918</td>
<td>11471418</td>
<td>12247550</td>
</tr>
<tr>
<td>Growth percentage</td>
<td>12.66</td>
<td>12.78</td>
<td>12.31</td>
<td>45.43</td>
<td>33.34</td>
<td>25.11</td>
<td>20.97</td>
<td>17.85</td>
<td>19.72</td>
<td>6.76</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
The information relating to the gross loans and advances and their growth has been presented in the table 4.11. This table discloses the following facts about these: According to the table, gross loans and advances of the bank goes on increasing year by year. It was Rs.2106928/- thousands in the year 2001-02 and increased to Rs.12247550/-. This can be considered as a very big increase. The table also shows that in no financial year has it decreased.

The growth of the gross loans and advances are increased in the first 3 years and enhanced considerably in the 4th year. That is during the initial 3 years, the percentage was 12.66 percent, 12.78 percent and 12.31 percent in 2001-02, 2002-03 and 2003-04 respectively and during the year 2004-05, it has grown up to 45.43 percent. It decreased to 33.34 percent in 2005-06, 25.11 percent in 2006-07, 20.97 percent in 2007-08. It has come down to 6.76 percent in the year 2010-11. It indicates that inspite of the growth in the gross loans and advances, the growth percentage has decreased except during the year 2004-05.
Table 4.12
Loan outstanding to priority and non-priority sectors of KGB from 2001-02 to 2010-11

(Rupees in thousands)

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</tr>
</thead>
<tbody>
<tr>
<td>Loans outstanding to priority sector</td>
<td>1900250</td>
<td>2091174</td>
<td>2499495</td>
<td>3704100</td>
<td>4936622</td>
<td>6115392</td>
<td>1428035</td>
<td>8118519</td>
<td>10514400</td>
<td>11059490</td>
</tr>
<tr>
<td>Loans outstanding to Non-priority sector</td>
<td>206678</td>
<td>285167</td>
<td>270523</td>
<td>324510</td>
<td>435111</td>
<td>605582</td>
<td>702476</td>
<td>1098550</td>
<td>1204500</td>
<td>1111878</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Table 4.12 provides us the information about the loans to the priority and non-priority sectors. The above table clearly shows that the bank has disbursed more loans to priority sector and not to the non-priority sector. The KGB has disbursed Rs.1900250/- thousands of loans to the priority sector whereas it is Rs.206678/- thousands to the non-priority sector. There is difference of Rs.1693572/- thousands which can be said as a very big difference between these two. During the year 2005-06 non-priority loans were Rs.435111/- thousands whereas priority sector loans were Rs.4936622, a difference of Rs.4501511/- thousands. It was Rs.11059490/- thousands of priority sector loans in the financial year 2010-11 and in the same year non-priority sector loan was Rs.1111878, with a difference of Rs.9947612/- thousands. Hence, during the whole decade we can witness a lot of difference between the priority and non-priority sector loans.

It indicates that the KGB has given utmost importance and care towards the priority sector rather than non-priority sector. Nowadays each and every bank is looking to increase its share in the priority sector.
Table 4.13  
Loan outstanding of Small Farmers from 2001-02 to 2010-11

(Rupees in thousands)

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</tr>
</thead>
<tbody>
<tr>
<td>Loans outstanding to Marginal farmers</td>
<td>1198500</td>
<td>998200</td>
<td>1019281</td>
<td>1149782</td>
<td>1268546</td>
<td>1298955</td>
<td>136615</td>
<td>1640231</td>
<td>2387677</td>
<td>1748100</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Table 4.13 presents the data regarding the loan outstanding of the small farmers, marginal farmers or those who have associated themselves with the different types of services which farmers are in need of. That is, this category includes agricultural labourers also. In the year 2001-02 loan outstanding was Rs.1198500/- thousands and decreased to Rs.998200/- in the year 2002-03. It again increased to Rs.1268546/- thousands in 2005-06. Small farmers’ loan outstanding increased to Rs.2387677/- during the financial year 2009-10 and it decreased to Rs.1748100/- thousands in 2010-11.

The increase which we can see during the year 2009-10 is considered as large. Hence, this outstanding of Rs.2387677 is the highest in the span of 10 years and Rs.136615/- thousands of 2007-08 is the lowest outstanding in regard to the marginal farmers or the agricultural labourers. The largest increase of this outstanding can be seen during the year 2009-10 from Rs.1640231/- thousands to Rs.2387677/- thousands.
### Table 4.14
Loans issued to SC/ST by KGB from 2001-02 to 2010-11

(Rupees in thousands)

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</tr>
</thead>
<tbody>
<tr>
<td>Loans disbursed to SC/ST</td>
<td>127281</td>
<td>263600</td>
<td>294121</td>
<td>295815</td>
<td>279300</td>
<td>319287</td>
<td>297520</td>
<td>329565</td>
<td>794970</td>
<td>980500</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Socially backward or the under privileged have been taken care of by the Krishna Grameena Bank. In order to make Scheduled Castes and Scheduled Tribes people self reliant in almost all the fields of the life, especially in the field of education and employment, the KGB is playing a significant role.

The Krishna Grameena Bank is disbursing loans to the individuals belonging to the SC and ST both under government and non-government schemes.

The details of the loans disbursed to the Scheduled Castes and Scheduled tribes is shown in the table 4.14. This shows that, Rs.127281/- thousands has been disbursed during the year 2001-02. In the year 2002-03 Rs.263600/- thousands of loans have been issued to SCs and STs. The amount of loans to them have increased every year except in 2005-06 and 2007-08 which are Rs.279300/- thousands and Rs.297520/- thousands respectively. Then onwards, it increased considerably to Rs.329565/-, Rs.794970/- and Rs.980500/- thousands in 2008-09, 2009-10 and 2010-11 respectively. Hence, this increase during these three years is considered to be the highest. It has come to Rs.980500/- thousands.
Table 4.15
Loans issued to minorities by KGB from 2001-02 to 2010-11

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Loans outstanding to priority sector</td>
<td>69426</td>
<td>32800</td>
<td>72811</td>
<td>81548</td>
<td>88200</td>
<td>1278243</td>
<td>180775</td>
<td>361095</td>
<td>405610</td>
<td>471000</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11
Krishna Grameena Bank also has given significance to the minorities of the society. Minorities are the religious minorities like Muslims, Christians etc. Among the minority group, Muslims are the dominant group. So, to this dominant group of minority, i.e., Muslims, the KGB has issued loans during the whole span of the decade.

A lot of variations can be seen in the disbursement of the loans to the minorities during the first three years. That is, it is Rs.69426/- thousands in 2001-02, Rs.32800/- thousands in 2002-03 and Rs.72811/- thousands in 2003-04. But after this span of three years, issuance of loans to minorities goes on increasing year by year and the biggest increase is in the year 2006-07, i.e., Rs.1278243/- thousands. The lowest amount which has been disbursed by the bank to the minorities is Rs.32800/- thousands in 2002-03.

This table also indicates that the loans issuance has increased every year during the last three years span. It is Rs.361095/- thousands, Rs.405610 and Rs.471000/- in 2008-09, 2009-10 and 2010-11 respectively. It shows that, in recent years the amount of loans to minorities has increased.
Table 4.16
Average working funds of KGB from 2001-02 to 2010-11

(Rupees in thousands)

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</thead>
<tbody>
<tr>
<td>Loans outstanding to priority sector</td>
<td>3469737</td>
<td>4133712</td>
<td>4301590</td>
<td>5029040</td>
<td>6478731</td>
<td>8471005</td>
<td>10382014</td>
<td>13113957</td>
<td>15314575</td>
<td>17964417</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Working fund for any bank is very much important. This is known to the Krishna Grameena Bank personnel also. The above table 4.16 discloses the facts about its working fund.

The working fund of the Krishna Grameena Bank never decreased during the span of 10 years of the present study from 2001-02 to 2010-11.

It is Rs.3469737/- thousands in 2001-02 and increased highly to Rs.17964417/- thousands in the year 2010-11 with an increase of Rs.14494680/- thousands.

If we look at the data presented during the first three years, it increases to Rs.4301590/- thousands during the year 2003-04 from Rs.3469737/- thousands in 2001-02 and Rs.4133712/- thousands. And the data of the last three years shows a increase from Rs.13113957/- thousands in 2008-09, Rs.15314575/- in 2009-10 to Rs.17964417/- thousands.

So, in accordance with the importance attached to the working fund, the Krishna Grameena Bank has increased its working fund considerably during this period of 10 years.
Table 4.17
Total Recovery Performance of KGB from 2001-02 to 2010-11

(Rupees in thousands)

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</thead>
<tbody>
<tr>
<td>Recovery demand</td>
<td>1690326</td>
<td>1855464</td>
<td>1938693</td>
<td>2661018</td>
<td>3609728</td>
<td>3702815</td>
<td>4076105</td>
<td>5725493</td>
<td>6861589</td>
<td>6457455</td>
</tr>
<tr>
<td>Recovery done during the years</td>
<td>1091996</td>
<td>1288085</td>
<td>1572477</td>
<td>2317517</td>
<td>3140200</td>
<td>3204152</td>
<td>3671350</td>
<td>5251713</td>
<td>6437260</td>
<td>5895636</td>
</tr>
<tr>
<td>Overdues</td>
<td>598330</td>
<td>567379</td>
<td>366216</td>
<td>343501</td>
<td>469528</td>
<td>498663</td>
<td>404755</td>
<td>473780</td>
<td>424329</td>
<td>561819</td>
</tr>
<tr>
<td>Percentage of recovery</td>
<td>64.60</td>
<td>69.42</td>
<td>81.11</td>
<td>87.09</td>
<td>87.00</td>
<td>87.25</td>
<td>90.87</td>
<td>91.72</td>
<td>93.82</td>
<td>91.30</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
Recovery Performance of KGB from 2001-02 to 2010-11

IN THOUSANDS OF RUPEES

YEARS


Recovery demand
Recovery done

The total recovery performance of the Krishna Grameena Bank is presented in the table 4.17. This table shows that during the year 2001-02, the total recovery demand was set to Rs.1690326/- thousands, recovered Rs.1091996/- thousands and the overdues during the same year was Rs.598330/- thousands and achieved recovery percentage was 64.60 which is the lowest compared to all nine years.

During the year 2005-06, recovery demand is Rs.3609728/- thousands, recovered Rs.3140200/- thousands and the achieved percentage of its target is 69.42. The overdue amount of the year is Rs.469528/- thousands.

In the year 2010-11, the recovery demand is set to the recovery of Rs.6457455/- thousands and the bank has recovered Rs.5895636/- thousands achieving its 91.30 percent. During this year the overdue amount increased to Rs.561819/- thousands compared to the previous year which is Rs.424329/- thousands.

The above table reveals the fact that recovery of the bank showing the increasing trend for the period of 10 years from 2001-02 to 2010-11. This is the result of the steps taken by the bank in the form of Human Resource Development and Management Development Programmes which ultimately helps in enhancing the efficiency of the staff. Hence, the Hypothesis is satisfied.
Table 4.18
Recovery Performance of Farm Sector of KGB
from 2001-02 to 2010-11

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</thead>
<tbody>
<tr>
<td>Recovery demand</td>
<td>1490588</td>
<td>1569160</td>
<td>1515333</td>
<td>200467</td>
<td>2866582</td>
<td>2928124</td>
<td>3018253</td>
<td>4295889</td>
<td>5386845</td>
<td>3886242</td>
</tr>
<tr>
<td>Recovery done during the years</td>
<td>939815</td>
<td>1063416</td>
<td>1244027</td>
<td>1776770</td>
<td>2551802</td>
<td>2702547</td>
<td>2835330</td>
<td>4065832</td>
<td>5820228</td>
<td>3672581</td>
</tr>
<tr>
<td>Overdues</td>
<td>505744</td>
<td>550773</td>
<td>271306</td>
<td>223697</td>
<td>314775</td>
<td>225577</td>
<td>182923</td>
<td>230057</td>
<td>106617</td>
<td>213661</td>
</tr>
<tr>
<td>Percentage of recovery</td>
<td>63.03</td>
<td>67.77</td>
<td>82.09</td>
<td>88.81</td>
<td>89.01</td>
<td>89.27</td>
<td>93.94</td>
<td>94.64</td>
<td>98.02</td>
<td>94.50</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11.
The recovery performance of the KGB is divided into categories as farm sector and non-farm sector which is presented in two different tables. Table 4.18 and 4.19 present the data regarding both the above mentioned sectors.

The table 4.18 provides us the information about the recovery performance of the farm sector. This table indicates that during the year 2001-02 63.03 percent of recovery target has been achieved by the bank. The recovery demand set to Rs.1490588/- thousands in the same year and recovered Rs.939815/- thousands leaving the overdues to Rs.550744/- thousands.

During the year 2005-06, the recovery target set to Rs.2866582/- thousands, recovered Rs.2551802/- thousands by achieving a target of 89.01 percent. The overdue during the same year is Rs.314775/- thousands.

In the year 2010-11 recovery demand is Rs.3886242/- thousands and recovered Rs.3672581/- thousands by achieving a 94.50 percent of target. The overdue during the year is Rs.213661/- thousands. The recovery percent increases year by year except in the year 2010-11.
Table 4.19
Recovery Performance of Non-Farm Sector of KGB
from 2001-02 to 2010-11

(Rupees in thousands)

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</thead>
<tbody>
<tr>
<td>Recovery demand</td>
<td>199738</td>
<td>287304</td>
<td>423360</td>
<td>660551</td>
<td>743146</td>
<td>762419</td>
<td>1057852</td>
<td>1429604</td>
<td>1474744</td>
<td>2571213</td>
</tr>
<tr>
<td>Recovery done during the years</td>
<td>152181</td>
<td>224669</td>
<td>328450</td>
<td>540747</td>
<td>588393</td>
<td>744581</td>
<td>836020</td>
<td>1185881</td>
<td>1157032</td>
<td>2223055</td>
</tr>
<tr>
<td>Overdues</td>
<td>47557</td>
<td>62635</td>
<td>94910</td>
<td>119804</td>
<td>154753</td>
<td>17838</td>
<td>221832</td>
<td>243723</td>
<td>317712</td>
<td>348155</td>
</tr>
<tr>
<td>Percentage of recovery</td>
<td>76.19</td>
<td>78.20</td>
<td>77.58</td>
<td>81.86</td>
<td>79.17</td>
<td>81.48</td>
<td>79.03</td>
<td>82.95</td>
<td>78.45</td>
<td>86.45</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11
The table 4.19 gives us the information about the recovery performance of
the non-farm sector of the KGB. During the year 2001-02 the recovery demand is
set to Rs.199738/- thousands, out of which Rs.152181/- thousands of amount
recovered and 76.19 percent of target achieved by the bank. During the same year
the overdue amount of Rs.47557/- thousands has been left by the recovery agents
of the bank.

In the year 2005-06 the demand for recovery has been set to Rs.743146/-
thousands and the Krishna Grameena Bank has recovered Rs.588393/- thousands
by leaving the overdue of Rs.154753/- thousands by achieving 79.17 percent
target.

During the year 2010-11 the recovery demand set to Rs.2571213/-
thousands out of which the recovery agencies of the bank have recovered
Rs.2223055/- thousands by achieving a target of 86.45 percent of its set target.
This year’s overdue amount is Rs.348155/- thousands.

The data presented in the above table indicates that, the bank’s recovery
achievement during the year 2008-09 is highest and it is lowest during the year
2001-02 when compared to all other years.
Table 4.20  
Interest earned by Krishna Grameena Bank  
from 2001-02 to 2010-11  
(Rupees in thousands)

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</thead>
<tbody>
<tr>
<td>Interest earned on loans and advances</td>
<td>290089</td>
<td>291987</td>
<td>327857</td>
<td>511764</td>
<td>479831</td>
<td>604918</td>
<td>702688</td>
<td>751382</td>
<td>965702</td>
<td>1358920</td>
</tr>
<tr>
<td>Interest on current account with SBI</td>
<td>--</td>
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<td>--</td>
<td>--</td>
<td>--</td>
<td>3029</td>
<td>--</td>
<td>--</td>
<td>335790</td>
<td>314352</td>
</tr>
<tr>
<td>Interest on SLR investments</td>
<td>64464</td>
<td>62412</td>
<td>71330</td>
<td>85790</td>
<td>12445</td>
<td>124854</td>
<td>158038</td>
<td>225909</td>
<td>2839975</td>
<td>2723330</td>
</tr>
<tr>
<td>Interest on non-SLR investments</td>
<td>91834</td>
<td>69644</td>
<td>74329</td>
<td>23245</td>
<td>11175</td>
<td>29604</td>
<td>4762</td>
<td>84296</td>
<td>45450</td>
<td>89450</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>10392</td>
<td>15787</td>
<td>39231</td>
<td>34374</td>
<td>61202</td>
<td>66287</td>
<td>77651</td>
<td>136768</td>
<td>88324</td>
<td>75108</td>
</tr>
<tr>
<td>Profit</td>
<td>42255</td>
<td>53581</td>
<td>70330</td>
<td>216750</td>
<td>140660</td>
<td>66287</td>
<td>77651</td>
<td>115033</td>
<td>178808</td>
<td>194595</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KGB from 2001-02 to 2010-11
The above table 4.20 provides us the information about interest earned by the bank during the span of 10 years from 2001-02 to 2010-11 from loans and advances, current account which has been maintained with State Bank of India and other banks, SLR investment, non-SLR investment and income earned from other sources. All information regarding these is presented in the above table.

During the year 2001-02 the Krishna Grameena Bank has earned interest of Rs.290089/- thousands from loans and advances. In the same year it has not earned any interest from the current account. During the same year, bank has received a interest of Rs.64464/- thousands from SLR investments and a interest of Rs.91834/- from non-SLR investments. Rs.10392/- thousands of interest earned from miscellaneous income, making a profit of Rs.42255/- thousands.

In the year 2005-06, bank has earned interest of Rs.479831/- thousands, Rs.12445/- thousands, Rs.11175/- thousands, Rs.61202/- thousands from loans and advances, SLR investments, non-SLR investments and miscellaneous income respectively. During this year the KGB has made a profit of Rs.140660/- thousands.

During the year 2010-11 the bank has made a profit of Rs.194595/- thousands by earning interest of Rs.1358920/- thousands from loans and advances. Very interestingly during this year the bank has earned Rs.314352/- thousands of money from its current accounts, Rs.2723330/- thousands from SLR investments, Rs.89450/- thousands from non-SLR investments and Rs.75108/- thousands from miscellaneous income. During the same year Krishna Grameena Bank has earned a profit of Rs.194595/- thousands.
Conclusion:

Concluding this chapter by mentioning that both Human Resource Development and Management Development Programmes are very much essential for the development of the each and every bank in general and Krishna Grameena Bank in particular. This chapter also consists of in detailed study of the performance of the Krishna Grameena Bank for the 10 years period from 2001-02 to 2010-11. The study shows that performance of the bank is on the lines of improvement all the time.