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Performance Evaluation of Regional Rural Banks with Reference to Krishna Pragathi Gramina Bank, Shimogga District

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Abstract: *Regional Rural Banks have been in existence for around three decades in the Indian financial scenario. Inception of regional rural banks (RRBs) can be seen as an unique experiment as well as experience in improving the efficacy of rural credit delivery mechanism in India. With joint shareholding by Central Government, the concerned State Government and the sponsoring bank, an effort was made to integrate commercial banking within the broad policy thrust towards social banking keeping in view the local peculiarities. The genesis of the RRBs can be traced to the need for a stronger institutional arrangement for providing rural credit.* ***The Narasimhan committee*** *conceptualised* ***the creation of RRBs in 1975*** *as a new set of regionally oriented rural banks, which would combine the local feel and familiarity of rural problems characteristic of cooperatives with the professionalism and large resource base of commercial banks. Subsequently, the RRBs were set up through the promulgation of RRB Act of 1976. Their equity is held by the Central Government, concerned State Government and the Sponsor Bank in the proportion of 50:15:35. RRBs were supposed to evolve as specialised rural financial institutions for developing the rural economy by providing credit to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. The study is diagnostic and exploratory in nature, and makes use of secondary data. The study found that the performance of Krishna Pragathi Gramina Bank in Shivamoga District branches has significantly improved over time, as steps for their improvement were initiated by the Government of India after the amalgamation process.*

Key Words: *Performance, RBI, Priority Sector, Advances, Rural Credit, NPA, Key Performance Indicators, Regional Rural Banks*

I. Introduction

Regional Rural Banks have been in existence for around **three decades** in the Indian financial scenario. Inception of regional rural banks (RRBs) can be seen as a unique experiment as well as experience in improving the efficacy of rural credit delivery mechanism in India. With joint share holding by Central Government, the concerned State Government and the sponsoring bank, an effort was made to integrate commercial banking within the broad policy thrust towards social banking keeping in view the local peculiarities. **The Genesis of the Regional Rural Banks** can be traced to the need for a stronger institutional arrangement for providing rural credit. **The Narasimhan committee** conceptualised the creation of **RRBs in 1975** as a new set of regionally oriented rural banks, which would combine the local feel and familiarity of rural problems characteristic of cooperatives with the professionalism and large resource base of commercial banks. Subsequently, the RRBs were set up through the promulgation of RRB Act of 1976. Their equity is held by the Central Government, concerned State Government and the Sponsor Bank in the proportion of 50:15:35. RRBs were supposed to evolve as specialised rural financial institutions for developing the rural economy by providing credit to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs.

Regional Rural Banks were established under the provisions of an Ordinance passed on September 1975 and the RRB Act 1976, to provide sufficient banking and credit facility for agriculture and other rural sectors. These were set up on the recommendations of the **Narasimhan Working Group** during the tenure of **Indira Gandhi's government** with a view to include rural areas into economic mainstream. Since that time about 70% of the Indian Population was of Rural Orientation. The development process of RRBs started on 2 October 1975 with the forming of the first RRB, the **Prathama Bank**. Also on 2 October 1976 five regional rural banks were set up with a total **authorised capital of Rs. 100 crore** ($10 Million) which later augmented to 500 crore ($50 Million). The Regional Rural Bank were owned by the Central Government, the State Government and the Sponsor Bank. There were **five commercial banks, Punjab National Bank, State Bank of India, Syndicate Bank, United Bank of India and United Commercial Bank**, which sponsored the regional rural banks who held shares in the ratios as follows: **Central Government-50%, State Government-15% and Sponsor Banks- 35%.**Earlier, the Reserve Bank of India had laid down ceilings on the rate of interest to be charged by these RRBs.

Over the years, the RRBs which are often viewed as the small man's bank, have taken deep roots and have become a sort of inseparable part of the rural credit structure. They have played a key role in rural institutional financing in terms of geographical coverage, clientele outreach and business volume as also contribution to the development of the rural economy. A **remarkable feature of their performance over the past three decades has been the massive expansion of their retail network in rural areas**. From a modest beginning of **6RRBs** with **17 branches** covering **12 districts** in **December 1975**, the numbers have grown into **196 RRBs with 14,446 branches** working in **518 districts** across the country **in March2004**. RRBs have a large branch network in the rural area forming around **43 per cent of the total rural branches of commercial banks**. The rural orientation of RRBs is formidable with rural and semi-urban branches constituting over 97 per cent of their branch network. The growth in the branch network has enabled the RRBs to expand banking activities in the unbanked areas and mobilise rural savings.

II. Regional Rural Bank

Regional Rural Banks are local level banking organizations operating in different States of India. They have been created with a view to serve primarily the rural areas of India with basic banking and financial services. However, RRB's may have branches set up for urban operations and their area of operation may include urban areas too.

The area of operation of RRBs is limited to the area as notified by Government of India covering one or more districts in the State. RRB's also perform a variety of different functions. RRB's perform various functions under the following heads --**Providing banking facilities to Rural and Semi-Urban areas. Carrying out government operations like disbursement of wages of MGNREGA workers, Distribution of Pensions etc. Providing Para-Banking facilities like Locker facilities, Debit and Credit cards.**

III. Organisational Structure Of RRBs

The Organizational Structure for RRB's varies from branch to branch and depends upon the nature and size of business done by the branch. The **Head Office of a RRB** normally had **three to seven departments**.

The following is the decision making hierarchy of officials in a Regional Rural Bank.

- **Board of Directors**
- **Chairman & Managing Director**
- **General Manager**
- **Chief Manager/Regional Managers**
- **Senior Manager**
- **Manager**
- **Officer / Assistant Manager**
- **Office Assistant (Multipurpose**

IV. List Of Regional Rural Bank In India

1. Allahabad UP Gramin Bank
2. Andhra Pradesh GrameenaVikas Bank
3. Andhra Pragathi Grameena Bank
4. Arunachal Pradesh Rural Bank
5. Gramin Bank of Aryavart
6. Assam Gramin Vikash Bank
7. Baitarani Gramya Bank
8. Bangiya GraminVikash Bank
9. Baroda Gujarat Gramin Bank
10. Baroda Rajasthan Kshetriya Gramin Bank
11. Baroda Uttar Pradesh Gramin Bank
12. Bihar Gramin Bank is the result of the merger on 15 Oct 2012 between Samastipur Kshetriya Gramina Bank and Bihar Kshetriya Gramina Bank.
13. Chaitanya Godavari Grameena Bank
14. Chhattisgarh Gramin Bank
15. Telangana Grameena Bank
16. Dena Gujarat Gramin Bank
17. Durg-Rajnandgaon Gramin Bank
18. Ellaquai Dehati Bank
19. Sarva Haryana Gramin Bank
20. Himachal Gramin
21. JhabuaDhar Kshetriya Gramin Bank

22. Jharkhand Gramin Bank
23. JK Gramin Bank
24. Kalinga Gramya Bank
25. Karnataka Vikas Grameena Bank
26. KashiGomtiSamyut Gramin Bank
27. Kaveri Grameena Bank
28. Kerala Gramin Bank
29. Krishna Grameena Bank - Amalgamated with PGB on 23 Aug 13 - New name: Pragathi Krishna Gramin Bank
30. LangpiDehangi Rural Bank
31. Madhumalti Building GupteMarg
32. Madhya Bihar Gramin Bank
33. Mahakaushal Kshetriya Gramin Bank
34. Maharashtra Gramin Bank
35. Malwa Gramin Bank
36. Manipur Rural Bank
37. Marudhara Gramin Bank
38. Meghalaya Rural Bank
39. Mewar Anchalik Gramin Bank
40. Mizoram Rural Bank
41. Nagaland Rural Bank
42. Narmada Jhabwa Gramin Bank
43. Neelachal Gramya Bank
44. Pallavan Grama Bank
45. Pandyan Grama Bank
46. Parvatiya Gramin Bank
47. Paschim Banga Gramin Bank
48. Pragathi Gramin Bank; after amalgamation on 23 August 2013 the bank became Pragathi Krishna Gramin Bank
49. Prathama Bank
50. Puduvai Bharathiar Grama Bank
51. Punjab Gramin Bank
52. Purvanchal Bank merged with BalliaEtawa Gramin Bank on 1 July 2013.
53. Rushikulya Gramya Bank
54. Saptagiri Grameena Bank
55. Sarva Haryana Gramin Bank
56. Sarva UP Gramin Bank
57. Satpura Narmada Kshetriya
58. Saurashtra Gramin Bank
59. Mandhyanchal Grameen Bank
60. SurgujaKshetriya Gramin Bank
61. Sutlej Kshetriya Gramin Bank
62. Tripura Gramin Bank
63. UtkalGrameen Bank
64. Uttar Banga Kshetriya Gramin Bank
65. Uttar Bihar Gramin Bank
66. Uttarakhand Gramin Bank
67. Vananchal Gramin Bank
68. Vidharbha Kshetriya Gramin Bank
69. Wainganga Krishna Gramin Bank

Currently, RRB's are going through a process of **Amalgamation and Consolidation**. **25 RRBs** have been **amalgamated in January 2013** into **10 RRBs**. This counts **67 RRBs** till the first week of **June 2013**. This counts **56 as of March 2015**. On 31 **March 2006,** there were **133** RRBs (post-merger) covering **525 districts with a network of 14,494 branches**. All RRBs were originally **conceived** as **Low Cost Institutions having a Rural Ethos, Local Feel and Pro Poor Focus.** However, within a very short time, most banks were making losses. The original a assumptions as to the low cost nature of these institutions were belied. This may be again amalgamated in near future. **At present there are 56 RRBs in India**.

V. Review Of Literature

The literature available in the Working and Performance of RRBs in India is a little limited. **The literature obtained by investigators in the form of reports of various committees, commissions and working groups established by the Union Government, NABARD and Reserve Bank of India, the research studies, articles of researchers, bank officials, economists and the comments of economic analysts and news is briefly reviewed in this part.**

Hazari, (1976), through his article made an attempt to study the participation of Regional Rural Banks in rural development by introducing the concept of command area development. He stated that for the integrated development of a region, it is necessary to channelize the amenities to the groups of farmers instead of solely depending on individual farmer.

Dutta, (1977), in his paper has evaluated the workings of RRBs in the initial period of 1975 and 1976 by analyzing the growth in the number of Regional Rural Banks, branches, deposits, and advances. He has made an attempt to compare the different activities of Regional Rural Banks, primary co-operative and commercial banks relating to interest, loan disbursement, operating cost etc. He found that the cost of funds is necessarily high for the RRBs, as they pay higher rate of interest than the commercial banks. On the other hand, they lend at rates of interest equivalent to those charged by primary co-operatives.

The Committee on the Functioning of the Public Sector Banks under the Chairmanship of James Raj, (1978), found RRBs to be useful and preferred its expansion in the rural areas to the expansion of the rural branches of commercial banks. Some relevant segment of the report revealed that "Regional Rural Banks can play a significant role in the financing of the rural sector. RRBs should not only open more branches in the rural areas but also gradually take over the existing rural branches of commercial banks. Consequently all public sector banks and large private sector banks and large private sector banks should be allowed to **open branches only up** to the **District Headquarters/ Mandal Ublock Level**".

The Working Group on Multi Agency Approach in Agricultural Finance, (1978),under the chairmanship of C.E. Kamath has made some relevant observations on the role of the RRBs. According to them, the role of the RRBs is to supplement and not to supplant the other institutional agencies in the field of rural credit. It further recommended that the RRBs in their direct loaning should not enter in to competition with the co-operatives. **The Kamath group** clearly preferred the RRBs to the commercial banks for the future expansion of banking in rural areas. It also favoured the idea of allowing the RRBs to allocate a part of their total loans to the large and medium farmers.

The Committee set up by the Reserve Bank of India in (1977), to review the working of regional rural banks for evaluation of the performance of the RRBs in the light of objectives for which they were set up, indication of their Precise Role on the Rural Credit Structure and making Recommendations with regard to the scope, methods and procedures of their functioning. **The committee came to the conclusion that within a short span of two years**, they have demonstrated their capability to serve the purpose for which they were established. Therefore, the **program for the establishment of more regional rural banks deserves to be accelerated**. The committee on regional rural banks constituted by the reserve bank of India conducted a study on the viability of regional rural banks (1979). It revealed that it was not possible for all branches to become viable because some branches were located at centres where the potential had been limited. Some branches could not expand their business because of keen competition from branches of commercial and co-operative banks.

Kurulkar and Dogirikar, (1980), in a study on **Marathwada Regional Rural Bankhave** found that **major proportion of the beneficiaries belonged to landless category**, followed by **small and marginal farmers**. The study revealed that there is a **declining trend in the flow of credit** to these **weaker sections** and **recommended for reconsideration of loaning policies of the bank.**

Patel and Shete, (1980), of the National Institute of Banking Management made available analysis of performance and prospects of RRBs. They also gave a **comparative picture of performance in deposits**, **branch expansion and credit deployment of the co-operative banks, commercial banks and RRBs in a specified area.** This was an eye opener for many researchers engaged in this field of rural credit.

Rao, (1980), has made a study of the impact of programmes on target group based on the performance of **SreeVisakh Gramin Bank (**SVGB). He selected two branches of SVGB, namely, **Kalingapatanam and Rajam to represent irrigated and non-irrigated areas respectively**. He found that the net return from credit is considerably higher except for business activity in the irrigated area than the non- irrigated area. The acquisition of assets has been found more in categories where loans are provided in the form of assets itself. **He concluded that efficient work culture of the bank worker is the main reason for such tremendous success.**

Ministry of Finance, Department of Financial Services, (2011), in the letter of ***"Operational Integration, human resource development and related issues of RRBs***" Stated that with a view to **modernize and strengthen the technology up gradation and functioning of RRBs to compete and play a more meaningful role in the financial services sector.**

M .Syed Ibrahim, (2011), in his article about "***Role of Indian Regional Rural banks in the priority sector lending – An Analysis***" found that **the real growth of Indian economy lies on the emancipation of rural masses from poverty, unemployment and other socio-economic backwardness.** Keeping this end in view, Regional Rural Banks were established by the Government of India to develop the rural economy. He stated that "**With the passage of three decades, the RRBs are now looked upon with hope for rejuvenating the rural India**". In the study, the role of RRBs in the rural credits structure was deeply analyzed. The finding may be considerable use to rural banking institutions and policy makers in developing and shaping the appropriate credit structure as RRBs are integral part of the rural credit structure in India.

Versha Mohindra and GianKaur, (2011), concluded that over the years, RRBs have proved to be the most active agencies in the process of strengthening rural economy by purveying credit and mobilizing deposits from rural areas through their vast network even in the remotest areas of the country. Though the regional rural banks have faced a great threat initially, the introduction of financial sector reforms and other policy initiatives (including recapitalization) by Government of India, Reserve Bank of India and other agencies concerned for strengthening the financial position of regional rural banks have resulted in perceptible improvement in the functioning of these banks. Evidence from the above, regional rural banks are thus required to devote utmost attention to their performances to meet global aspirations.

Ishwara P., (2011), made an attempt to study the **performance of the RRBs from1980- 81 to2008- 09.** In order to know the implications of transformation of RRBs in 2004, the study focused on financial results before and after amalgamation. **After amalgamation, RRBs transformation had resulted in a 200 per cent increase in net profits**, **and a 100 percent increase in business**. There was a gradual reduction in the number of loss-making banks and addition of 1,000 outlets. **All this had been because of consolidation among RRBs.**

Report of Trend and Progress of Banking in India, (2012), explained that as in the case of SCBs, the **consolidated balance sheet of RRBs registered lower growth during 2011-12compared with the previous year**. On the liabilities side, the lower growth was **mainly due to lower growth in deposits as well as borrowings**. On the assets side, the **deceleration in the** balance sheet was attributable to **reduction in balances with the Reserve Bank as well as deceleration in investments**. ***It is noteworthy that, the share of CASA deposits in total deposits of RRBs was higher than the corresponding share for SCBs during 2011-12, out of total 82RRBs operating in the country, 79 made profit whereas the remaining three RRBs incurred loss.*** Though net profits of RRBs as at end-March 2012, priority sector advances comprised of more than 80 per cent of the total credit of RRBs. Purpose wise composition of credit disbursed by RRBs remained broadly unchanged during 2011-12, with more than half of total credit going to the agricultural sector RBs witnessed improvement in recent years, their net margin exhibited a mixed Performance of banks during 2011-12 was conditioned by slowdown in the domestic economy coupled with higher interest rate environment. However, Indian banks remained well capitalized. In addition, the efficiency of banks improved as reflected by lower cost- to-income ratio and NIM. Trend Progress made by banks under the financial inclusion plans was broadly satisfactory.

Dr. Mohi-ud-Din Sangmi and Dr. Tabassum Nazir, (2013), in their study of *"**Analyzing Financial Performance of Commercial Banks in India: Application of CAMEL Model"*** explained that **Sound financial health of a bank** is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy as well. As a sequel to this maxim, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. In this paper, an effort has been made to evaluate the financial performance of the two major banks operating in northern India .This evaluation has been done by using CAMEL Parameters, the latest model of financial analysis. Through this model, it is **highlighted that the position of the banks under study is sound and satisfactory so far as their capital adequacy, asset quality, Management capability and liquidity is concerned.**

VI. Objectives Of Research

1) **To measure Financial Performance of Regional Rural banks in Shivamogga District**
2) **To Evaluate Progress of the Pragathi Gramina Bank in Shivamoga District**
3) **To make important Suggestions to improve the Working Performance of Pragathi Gramina Bank in Shivamogga.**

VII. Research Methodology And Design

The study is based on **the Performance of Krishna Pragathi Gramina Bank in Shivamogga** . This study **covers** four branches ie **HOSANAGARA, SORABA, SAGARA, & SHIKARIPURA** in **Shivamogga District** to the **fulfillment of Objectives of the study**. The financial performance of the **Krishna Pragathi Gramina Bank in Shimoga District has been analyzed with the help of key performance indicators of four branches in Shivamoga District**. The year 2013-2014 was taken as the current year and year 2012-2013 was base year from the four Taluk Branches in Shivamogga. The present study is **diagnostic and exploratory in nature and makes use of secondary data**. The study is confined only to the specific areas like **Balance Sheet Components** and **Trend Analysis** of **each branch. Balanace sheet components like Deposits Mobilized, Credits and Investments made by the Branches, Liabilities Position, Advances with Priority and Non-Priority Sectors, Assets Positions of Individual Branches of Krishna Pragathi Gramina Bank.**

1. Viiidata Analysis And Interpretations

Demand Deposit Accounts offer greater liquidity and ease of access as compared to **Term Deposits** but **pay lower interest rates**, and they may also **include various fees** for handling the account. Depositors can withdraw any or all of the funds in a demand deposit account at any time without penalty or prior notice required.

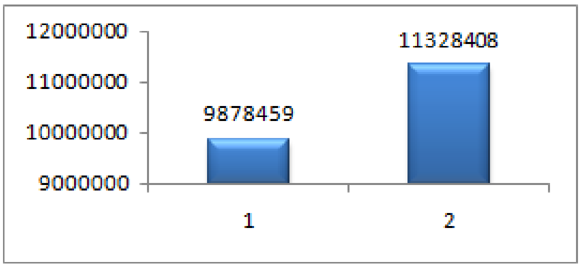
TABLE-1

Demand Deposits

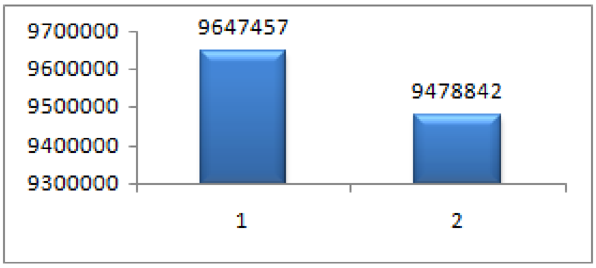
Hosanagara			Soraba			Sagara			Shikaripura		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
98.78	113.28	+14.67	96.47	94.78	_-1.7	373.41	340.75	-8.74	110.79	57.74	- 47.88

(Source: Financial Statements)

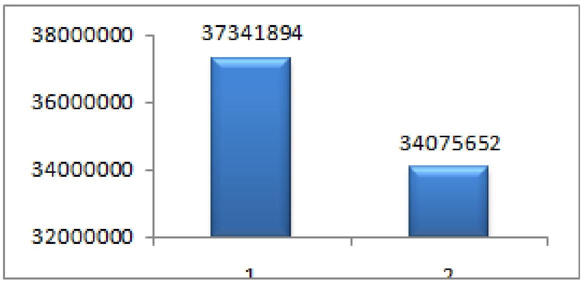
Hosanagara



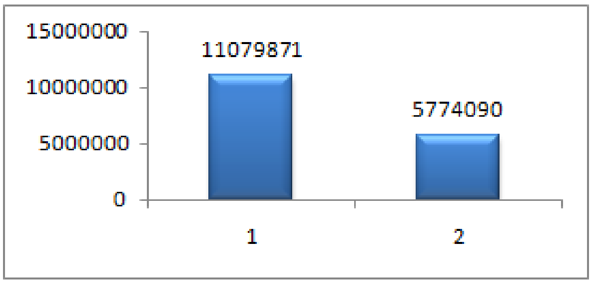
Soraba



Sagara



Shikaripura



Interpretation-

The above graph depicts that the **Demand Deposit of Pragathi Gramina Bank** in **Hosanagara** shows **Increase** trend in **2013 to 2014**. Whereas in the branch of **Soraba** it shows **Decrease of 1.7 %,** in the case of

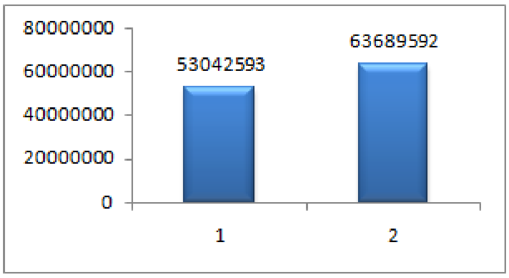
Sagara it shows **8.74 %Decrease.**.But in the branch of **Shikaripura is Highest Percentage of Decrease trend of 47%..**This shows the **Customers of Krishna Pragathi Gramina Bank Lacks interest in demand deposits.**
Savings Account is generally opened in bank by Salaried persons or by the persons who have a **Fixed Regular Income**. Savings accounts can provide security and peace of mind as well as serve as a resource in case of an emergency or a business opportunity. Savings accounts are opened to encourage the habit of thrust of savings among people. This facility is also given to Students, Senior Citizens, Pensioners and so on.

TABLE 2 Savings Bank Deposits

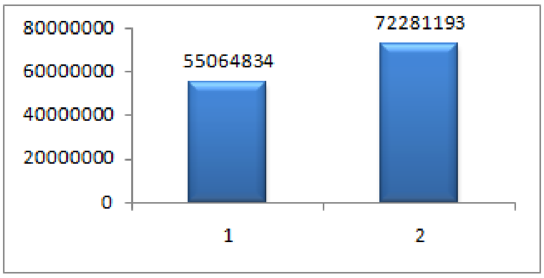
Hosanagara			Soraba			Sagara			Shikaripura		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
530.42	636.89	+20	550.64	722.81	+31	1595.22	1696.34	+6.33	587.09	693.65	+18%

(Source: Finanacial Statements)

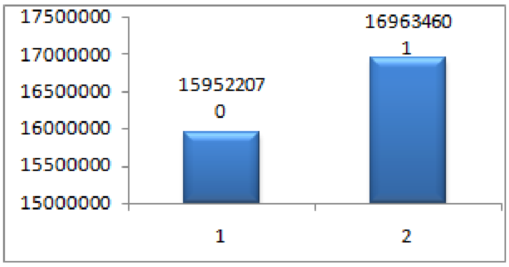
Hosanagara



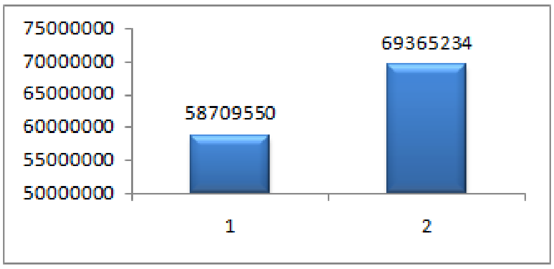
Soraba



Sagara



Shikaripura



Interpretation-

The above graph shows that **Saving Bank Deposit of Pragathi Gramina Bank Branches** shows an **Increasing trend** of **20%,31%,6.33% &**18% of **Hosanagara, Soraba, Sagara and Shikaripura** respectively. This clearly says that **Customers are more interested in Savings Bank Deposits in Pragathi Gramina Bank as it earns reasonable Interest on Saving Bank Deposit.**

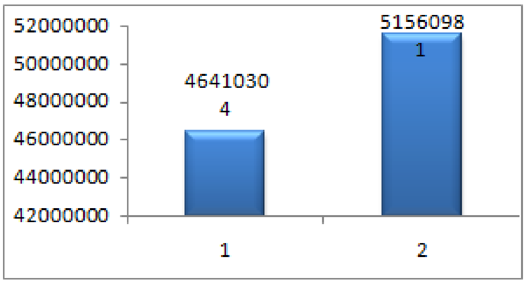
Term Deposits is also known as **Fixed Deposits**, are investment made for a **Fixed Period of Time,** ranging from a few months to several years. The Depositor receives a Fixed Rate of Interest for a fixed period of time. **Funds deposited for longer time periods command a higher interest rate**. Term deposit accounts pay a **Higher Rate of Interest than Savings Accounts.**

TABLE 3 Term Deposits

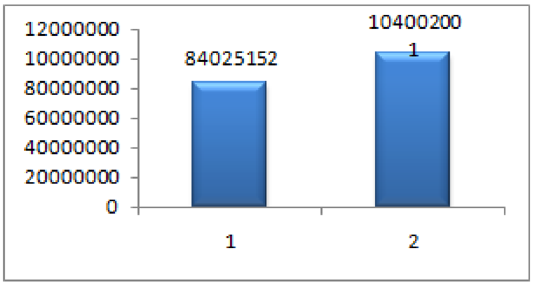
Hosanagara			Soraba			Sagara			Shikaripura		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
464.1	515.6	+11	840.25	1040.02	+23	1692.09	1950.48	+15	514.68	713.12	+38

(Source: Finanacial Statements)

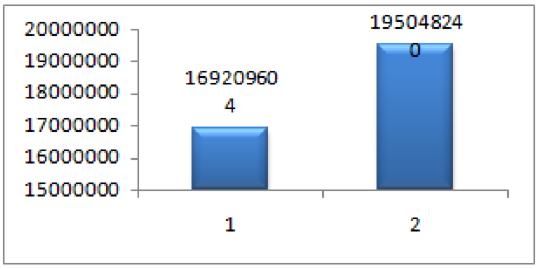
Hosanagara



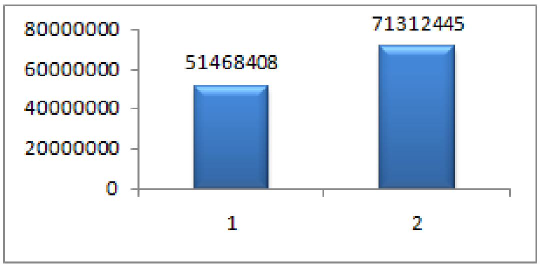
Soraba



Sagara



Shikaripura



Interpretations-

The above graphs clearly says that the Term Deposit of all branches in **Pragathi Gramina Bank** shows **Increasing Trend from Hosanagara, Soraba, Sagara and Shikaripura is 11%,23%,15% and 38% respectively.** It means **Customers are interested in Term Deposits also in this Bank.**

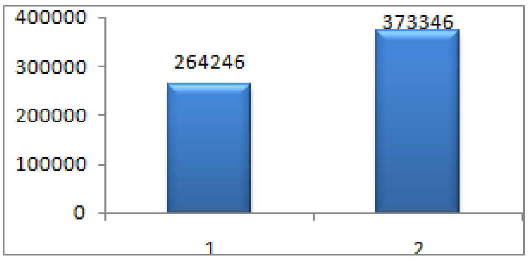
TABLE -4

Interest Provision

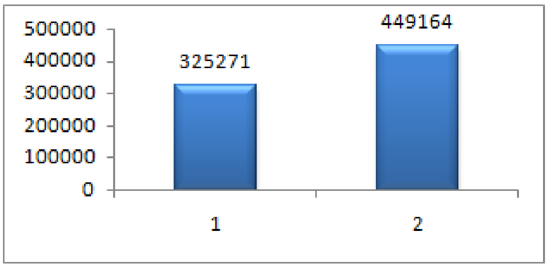
Hosanagara			Soraba			Sagara			Shikaripura		
2013	**2014**	**%**	**2013**	**2014**	**%**	**2013**	**2014**	**%**	**2013**	**2014**	**%**
2.64	**3.73**	**+40**	**3.25**	**4.49**	**+38**	**8.67**	**10.97**	**+26**	**3.82**	**4.38**	**+14**

(Source: Financial Statements)

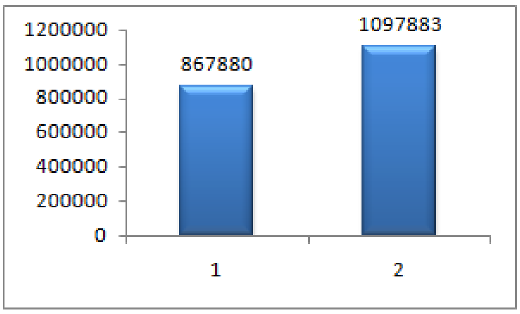
Hosanagara



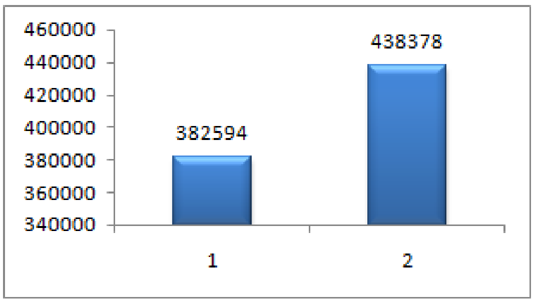
Soraba



Sagara



Shikaripura



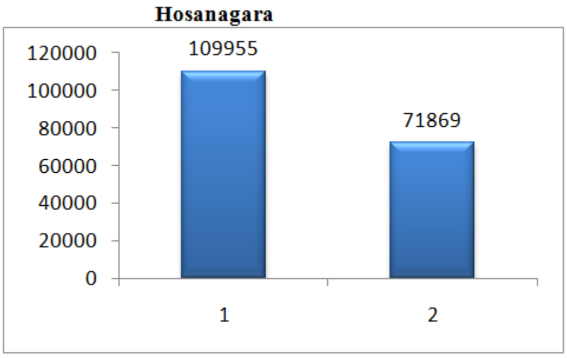
Interpretation-

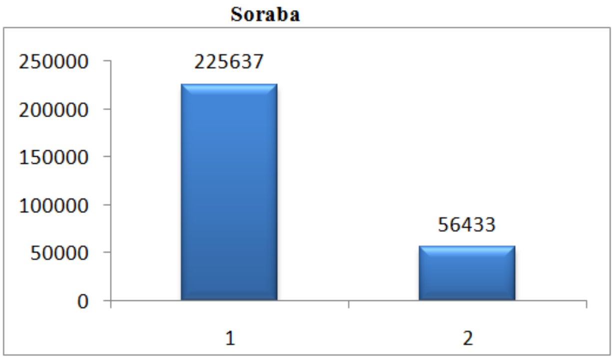
Interest is one of the **Liability in a Banking Sector**. The above graphs clearly says that Interest Provision of all branches in **Pragathi Gramina Bank shows Increasing Results from Hosanagara, Soraba, Sagaraand Shikaripura is 40%, 38%,26% and 14% respectively**. It means that liability of **each branch is increasing as in the case of deposits.**

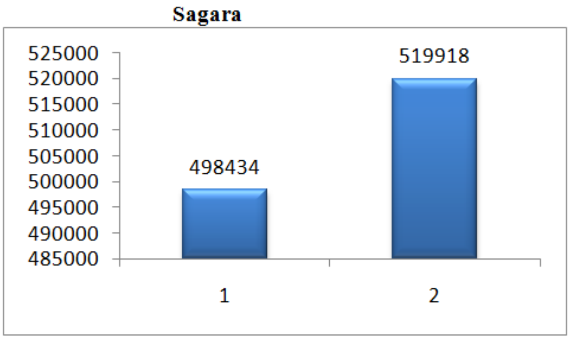
TABLE-5
Other liabilities

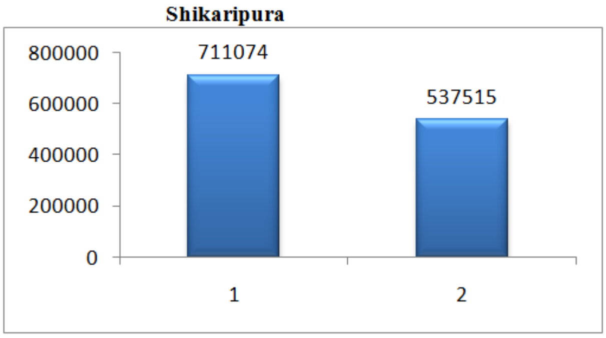
Hosanagara			Soraba			Sagara			Shikaripura		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
1.09	0.71	-34	2.25	0.56	-75	4.98	5.19	+4	7.11	5.37	-24

(Source: Financial Statements)









Interpretation-

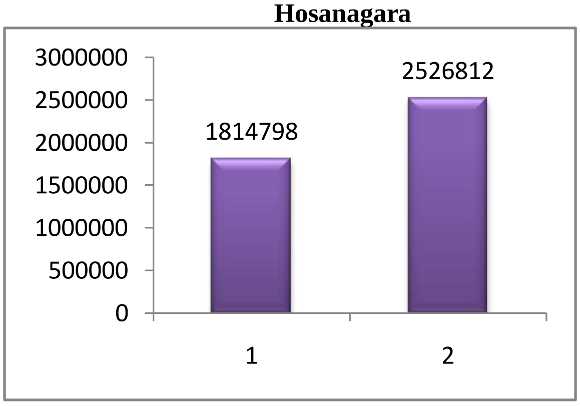
The above graph clearly depicts that Other Liability has a Decreasing Trend in all the branches except Sagara branch. **Other liabilities means other than Interest Provision and Bills Payable.** Other Liability is **Decreased by 34%, 75% and 24% in Hosanagara, Soraba and Shikaripura Branch respectively But in Sagara branch it is increased by 4 %.**

ASSETS
TABLE 6 Cash in hand

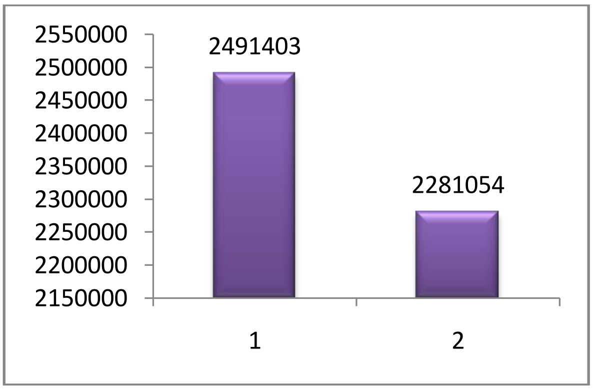
Hosanagara			Soraba			Sagara			Shikaripura		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
18.14	25.26	+39	24.91	22.81	-8	9.01	5.91	-34	43.57	16.91	-61

(Source: Financial Statements)

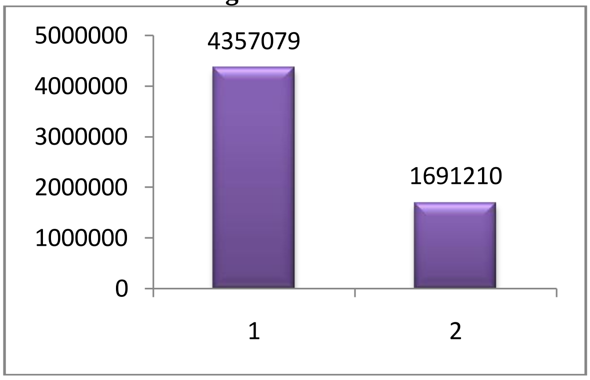
Hosanagara



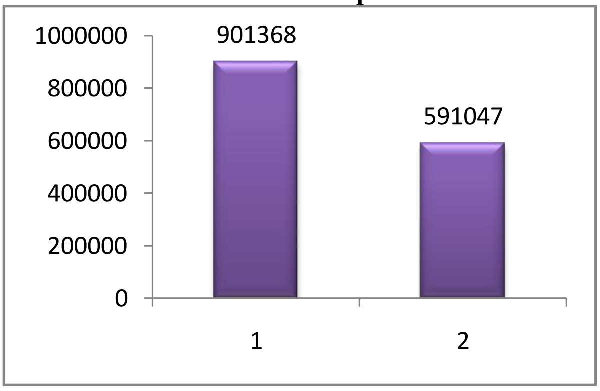
Soraba



Sagara



Shikaripura



Interpretation-

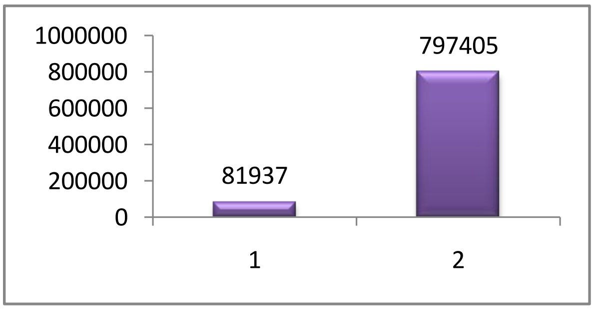
Cash in hand is one of the important Assets in RRBS. The above Graphs clearly says that Cash in Hand in all the branches shows **Decreasing Trend except Hosanagara**. In the branches of **Soraba, Sagara and Shikaripura, it is decreased by 8%, 34% and 61% respectively**. But in case of **Hosanagara** Branch it is **increased by 39%.**

TABLE 7 Balance with Bankers

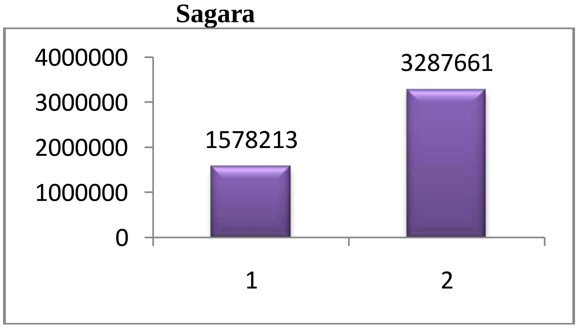
Hosanagara			**Soraba**			**Sagara**			**Shikaripura**		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
0.81	7.97	+800	15.78	32.87	+108	232.06	108.67	-53	16.11	30.05	+86

(Source: Financial Statements)

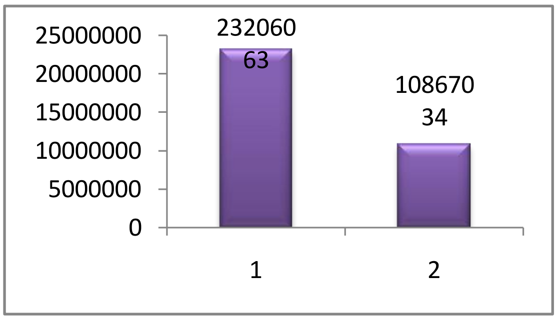
Hosanagara



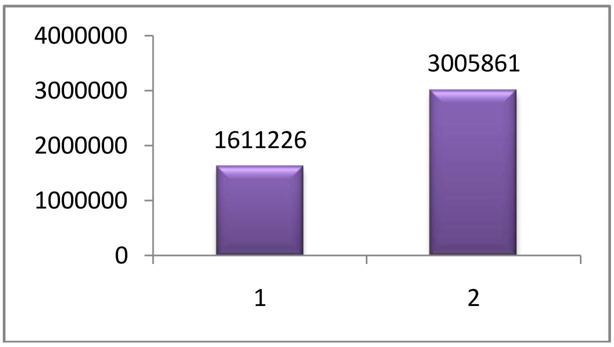
Sagara



Shikaripura



Sagara



Interpretation-

From the above graph it is clear that the Asset component Cash Balance with Banker shows **increasing** in all branches **except Sagara branch**. **Hosanagara branch balance increased compared to all other branches from Rs 81,937 to Rs7,97,405, in Soraba branch increased by Rs 17,09,448. In Shikaripura branch increased by Rs 13,94,635. In Sagara branch balance with banker is decreased by Rs 1,23,39,029.**

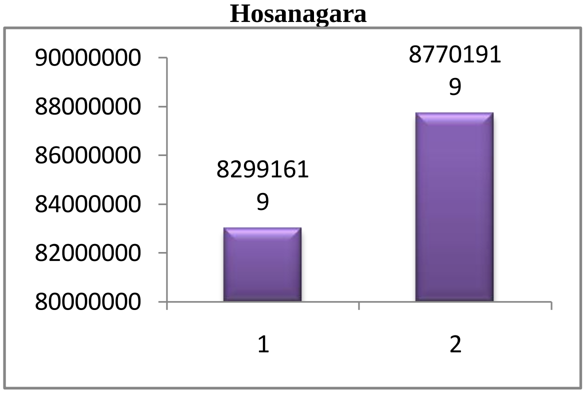
Priority Sector refers to those sectors of the economy which may not get timely and adequate credit in the absence of this Special dispensation. **Priority Sector Lending** is an important role given by the **Reserve Bank of India (RBI)** to the banks for providing a specified portion of the bank lending to few specific sectors like **agriculture and allied activities**, **micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections**. This is essentially meant for an all round development of the economy as opposed to focusing only on the financial sector.

TABLE 8 Advances with priority sector

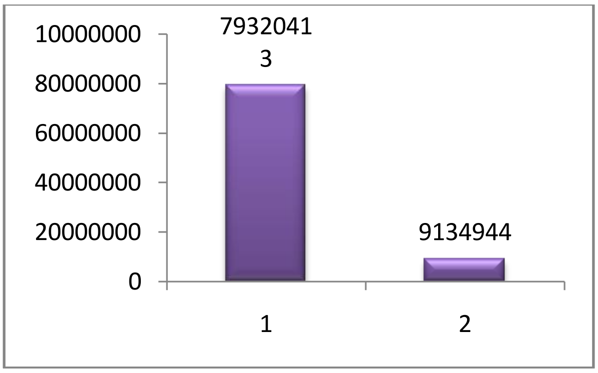
Hosanagara			**Soraba**			**Sagara**			**Shikaripura**		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
829.91	877.07	+5	793.2	91.34	-88	761.43	963.81	+26	1230.39	1218.3	-0.9

(Source: Financial Statements)

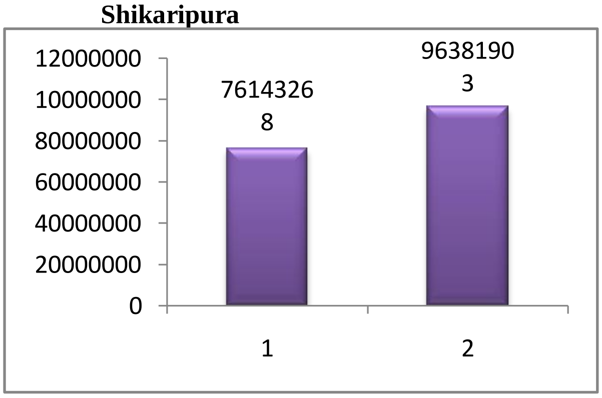
Hosanagara



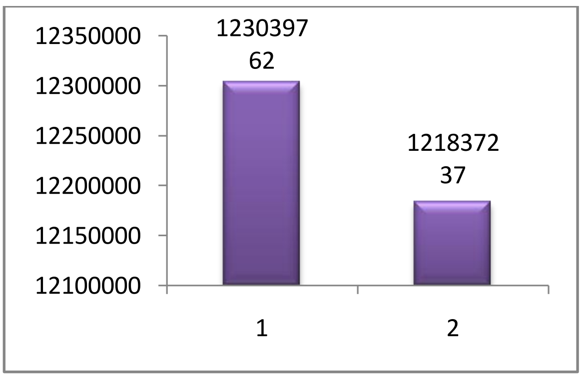
Soraba



Shikaripura



Sagara



Interpretation-

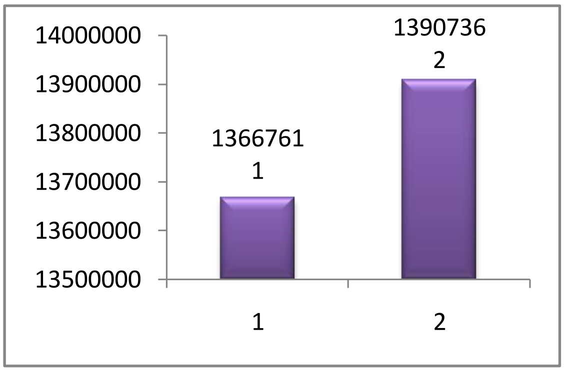
The above graph clearly shows that Advances with Priority Sector of Krishna Pragathi Gramina Bank is not the same compare to all these four branches. **Advances with Priority Sector of Hosanagara and Sagara branches is increased by 5% & 26% respectively. But, in the case of Soraba and Shikaripura decreased by 88% & 0.9% respectively.**

TABLE 9 Advances with Non Priority sector

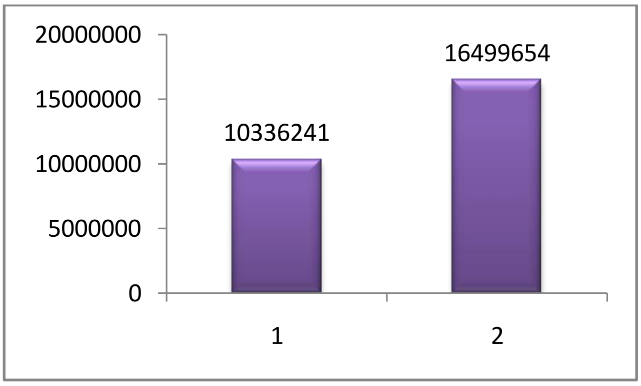
Hosanagara			**Soraba**			**Sagara**			**Shikaripura**		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
136.6	139.07	+1.75	103.36	164.99	+59	365.79	368.81	+0.7	152.38	181.32	+19

(Source: Financial Statements)

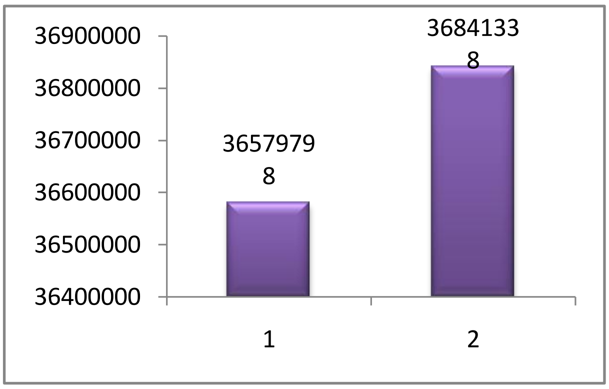
Hosanagara



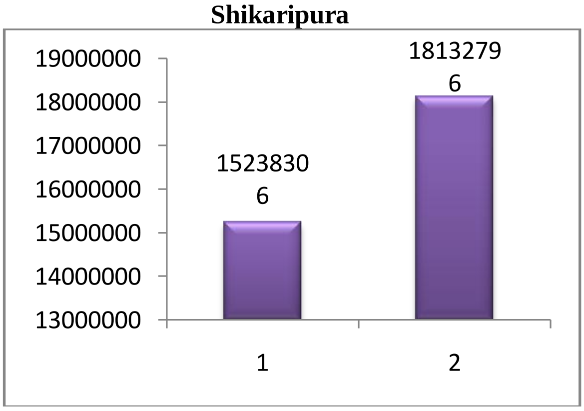
Soraba



Sagara



Shikaripura



Interpretation-

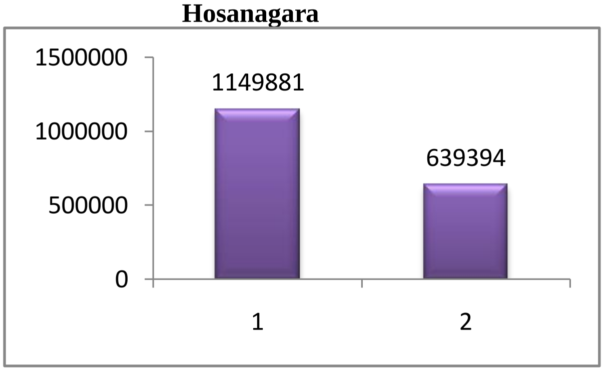
As per the above graph Advances with **Non-Priority Sector of Krishna Pragathi Gramina Bank has an increasing trend as per the RBI.** The Priority Sector helps in Economic Development of a Country. As in the same way Advances with Non-Priority Sector also is important like Personal Banking, Credit Cards and Credit facility for an Individual. Here, **all the Branches Performance is increased by 1.75%, 59%, 0.7% and 19% i.e. in Hosanagara, Soraba, Sagara and Shikaripura respectively.**

TABLE 10Sundry Assets

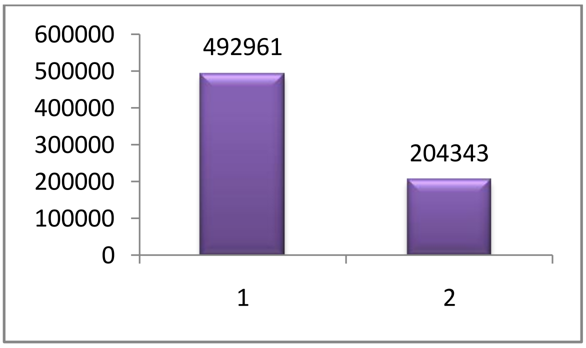
Hosanagara			**Soraba**			**Sagara**			**Shikaripura**		
2014	2014	%	2014	2014	%	2014	2014	%	2014	2014	%
11.49	6.39	-44	4.52	2.04	-58	3.2	1.3	-59	19.51	2.69	-86

(Source: Finanacial Statements)

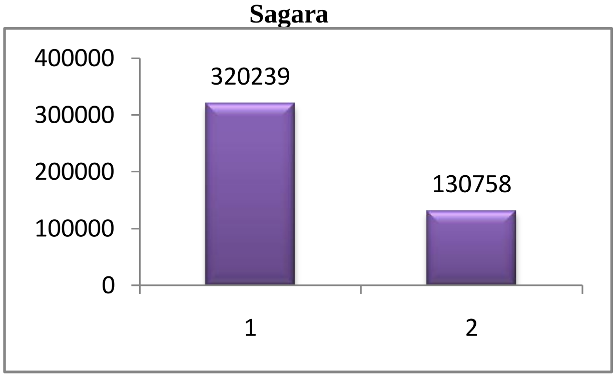
Hosanagara



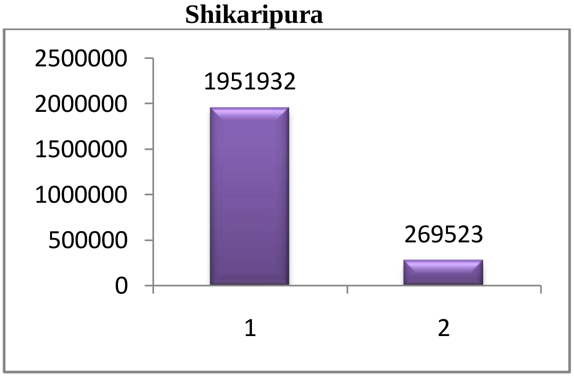
Soraba



Sagara



Shikaripura



Interpretation-

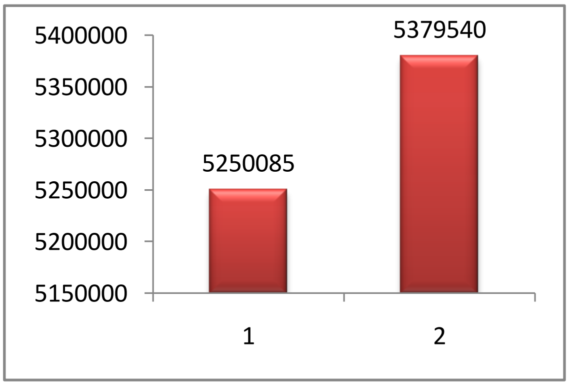
The above graph depicts that the **Sundry Assets portion of Krishna Pragathi Gramina Bank** shows not much **Decreasing Trend.** The sundry asset component **consists of Stock and Stamps, Prepaid Expenses, Receivables** and **Other assets**. The collection techniques of this bank is good one. **The liquidity position is this bank is optimum**. **All branches Sundry Assets shows Decrease Position Compare with Base Year 2013. It shows Decrease of 44%, 58%, 59% and 86% in Hosanagara, Soraba, Sagara and Shikaripura branches.**

TABLE 11 Net Profits

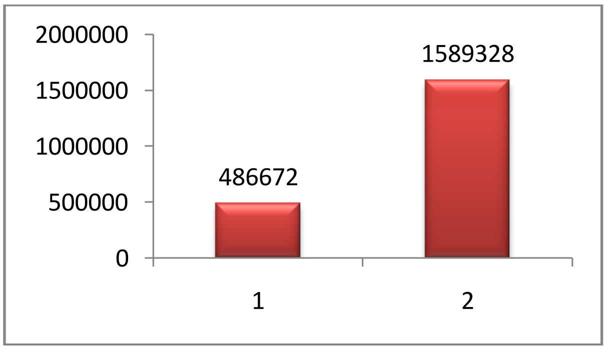
Hosanagara			**Soraba**			**Sagara**			**Shikaripura**		
2013	2014	%	2013	2014	%	2013	2014	%	2013	2014	%
52.5	53.79	+2	4.86	15.89	+226	0	0	0	72.01	92.56	+28

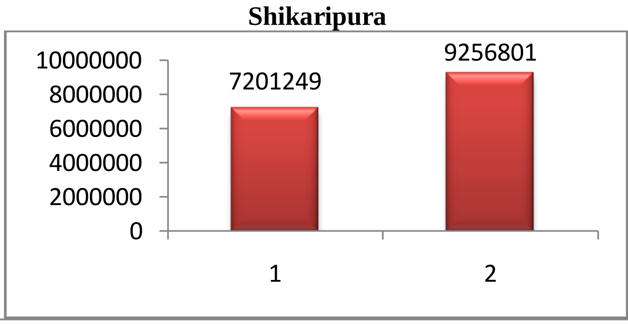
(Source: Financial Statements)

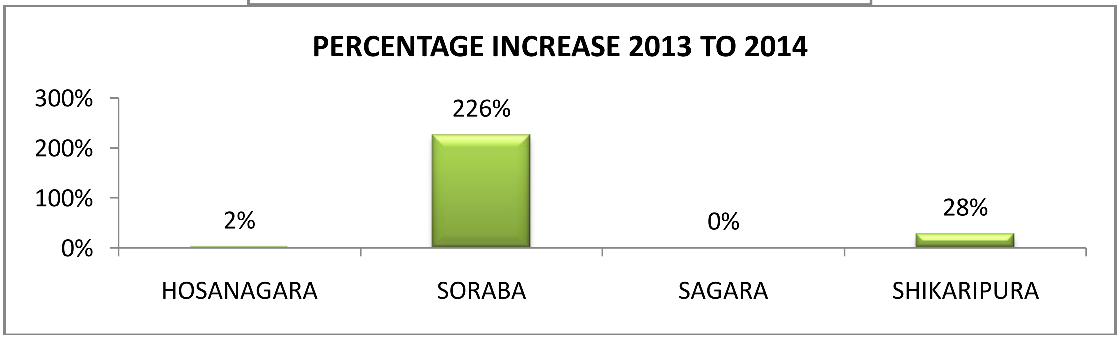
Hosanagara



Soraba







Interpretation-

From the above graph it clearly understands that Profit Maximization is not much in Krishna Pragathi Gramina Bank Shimoga Branches. **It depicts that Profit of only Rupees 1.29 lakh increase in Hosanagara Branch. In Soraba, its Rupees 11.03 lakhs, in Sagara no Change in Profit and in Shikaripura Branch Increase of Profit by Rupees 20.55 lakhs.**

VIII. Summary Of Findings

This Report contains the Results of the Research, which is drawn from the data analyzed earlier. This brings the interpretations of the data, which is been analyzed individually for Growth of Liabilities, Growth of Assets and the Interpretations are as follows:

- **Demand Deposit** is very much volatile in this bank. The customer can withdraw the deposit on demand & carries lower rate of interest. Hence its **showing fluctuation.**
- **Saving bank deposit** is very much known to all Salaried Individuals and other Business class as it carries attractive interest rate on their Deposits. Hence showing an **increase trend.**
- **Term deposit** is one of the Fixed Investment made by the customers as a long term investment. It carries a fixed rate of interest on the fixed time period. Here **it is very much increasing year by year**. This shows awareness about long term investment among the rural folk.
- As the number of deposits increases in any bank from customers, automatically the liability of banks also increases as it has to pay interest on deposits. So, in this Bank also **we observe the increased trend of payment of interest to the customers**.
- Again, Other Liabilities of the bank shows lower liability than the liability of interest provision. **As it is not a major component in banking, showing a decrease trend year by year.**
- Banking business is purely depending on Cash Transaction. Again availability of liquid cash depends on the flows of cash transactions. **Neither with the surplus cash in hand non availability of cash on times is not a good sign of Good Banking Business**. Here in this bank, **cash in hand shows good sign of liquid cash to meet the transactions at any time by the bank.**
- **Cash Balance with Bankers is also most important component in Banking Business.** More balance with other banks is an Asset as it earns Regular Interest for banks. **Here it is showing an increasing trend. Hence it is a strong and positive sign of its banking business.**
- **This Bank Advances towards Priority Sectors like Agriculture, Housing and Education Loan and Others shows Increase in Granting Loans**. This is the major objective of this bank. Except Soraba branch, all other branches' advances towards **Priority Sector is Positive**. This bank achieving its main objective by lending money for Priority Sector. In the case of **Non-Priority Sector also it shows Positive Result**. **This bank is attracting customers to borrow money for other than Priority objective like Personal Banking.**

- Apart from this, **Sundry Asset of this Bank shows Good result**. The technique of Collection adopted by the Bank must be effective. **Here in this bank, collecting of the interest and loan are going on regular intervals. Cash inflow of a bank shows Positive.**
- Finally, **the Performance of Pragathi Gramina Bank can be Evaluated by the Net Profit earned by the Branches of this Bank. And all the branches of Shivamoga are showing the Increase of Net Profit every year.** Hence this **Bank is gradually achieving its goal of attaining a maximum profit over the years.**

IX. Conclusion

Regional Rural Banks (RRBs), emerged as an **important Financial Institution in India** for **meeting the Rural Credit Requirement. It is always argued that the RRBs have not been able to earn much profit in view of their Policy of Restrictions over their operations to Target Groups.** In spite of that, the RRBs have made a **Remarkable Performance**.

To conclude, the Rapid Expansion of RRB has helped in reducing substantially the regional disparities in respect of banking facilities in India. **The efforts made by RRB in its branch expansion, deposit mobilization, rural development and credit deployment to weaker section of rural areas are appreciable**. RRB successfully achieve its objectives by taking banking to door steps of rural households particularly in banking deprived rural areas, to avail easy and cheaper credit to weaker rural section who are dependent on private lenders, to encourage rural savings for productive activities, to generate employment in rural areas and to bring down the cost of purveying credit in rural areas.

So, **in the light of these lines, this Research paper concludes that the Performance of Pragathi Gramina Bank in meeting its objectives is successful and appreciable based on the available data for the purpose of study. And the paper conveys a message to the Government to take additional needful support to these Regional Rural Banks to make them more viable and successful in meeting the needs of rural credit in the coming years.**

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