

NEW ERA BANKING UTTARANCHAL GRAMIN BANK

R.S. Negi and T.P. Pant

Department of Economic

HN.B. Garhwal University, Campus Pauri Garhwal

ABSTRACT

In this paper an attempt has been made to review the progress of Uttaranchal Gramin Bank which has come into existence after the amalgamation of three prior exiting regional rural banks. The prime goal of the banks is the extensive participation in the overall economic development of the region. These significant gains have been achieved even while renewing goals of social banking, viz, maintaining the wide reach of the banking system and directing credit towards important but disadvantaged sectors of society . The uttaranchal Gramin Bank has been valued as a 'low cost and rural based institution and therefore evidently suited to implement banking schemes in rural areas.

Key words :- New Era Banking, Alaknanda Gramin Bank.

INTRODUCTION

One of main reason for the backwardness of the rural people in India is the indebtedness of the farmers. The farmer borrows for his agricultural operations. For supporting his family or to make improvements on his land etc. There is nothing wrong in borrowing especially when the income of the farmer is not sufficient to repay the debt he incurred or when his spends his income wastefully and does not save for the purpose of paying off his debt. The cultivator, when once runs into debt, is unable to get rid of it. In fact. The Indian farmers borrow year after year, but they are not in a position to pay their debt. Therefore the debt to the farmer goes no increasing. This is collectively known as rural indebtedness. There is well known saying which is two in our country. The Indian Rural people particularly Indian farmer is born in debt, lives in debt and dies in debt¹,,

Since the dawn of planning era in India, one the primary objectives of the Government has been to streamline and strengthen its rural economy and to uplift standards of living of the weaker sections. for the fulfilment of this objective apart from other agencies, institutional finance is expected to pay a dynamic role. Despite the combined efforts of the Co-operatives and comm commercial bank, the degree of institutionalisation of rural credit was around 30 percent by 1970s. It is unevenly distributed among the different size - groups of farmers and strata of rural society. The need for

institutional agency which could combine the rural co-operatives and the business skill of commercial bank was increasingly felt.

The rural people have been depending upon the non - institutional credit sources which have been exploiting them in several ways. This could only be avoided by providing institutional credit. Provisions of institutional finance 'no debt' will play an important role in bringing about socioeconomic changes among the rural population. In the absence of adequate and timely credit facilities from the institutions, private agencies dominate naturally rural credit scene. The nationalization of major commercial banks in 1969 and 1980 resulted in the tremendous progress in purveying institutional finance to natural area "However, it is noticed that the commercial banks extended benefits mostly to the richer sections of the rural areas. Moreover the saving mobilized from the rural areas have flown into urban and metropolitan areas and not to meet the needs of the weaker sections of the rural community. Therefore, there is a widely shared view that a more determined effort was needed to speed up the flow of institutional credit especially to meet the need of the weaker sections of the rural community³.

e-banking in the age of globalisation is challenge for the bankers. It is well observed that there are changes in the field of banking business from barter system to e-banking since the inception of banking in India. After the invention of money, it had played a vital role as a medium

of exchange. Today role of banking is localised to Globalised. Queue at ATM- Customer Service counter, rustic behaviour of most of the bank officials, and poor bank services: Will Uttaranchal Gramin bank serve this purpose in future?

Uttaranchal Gramin bank can lessen problems faced by customers in the banks. These are the thrust areas of Uttaranchal Gramin bank, if the bank fairly discharge their services in the development of semi-urban and rural areas for their truly success. Working and progress have depicted of UGB in a span of 9 months. It has greater responsibility in the field of banking business.

- Development in the area of urban & semi urban areas.
 - Competitiveness among various banking
 - Selection of needy borrowers who have to desire for generation of income for their livelihood.
- Gramin bank have multiple responsibility i.e. to borrow right person and keep pace with the sponsored schemes of centre and state Govt. for the accelerated development of the state.
- Problem of maintaining C.D. ratio.
 - Problem of frill account.
 - Serve the purpose of employment and growth.
 - Development & Growth oriented banking.

- Problem of maintaining transaction cost and
- Focus on productive advances.
- Uttranchal Gramin Bank

I) Brief Introduction

Uttranchal Gramin Bank, a body constituted by the Notification dated 30-6-2006 of Govt. of India, under, section 3 (i) of RRBS ACT 1976 (21 of 1976) after amalgamation three erst-while regional rural banks sponsored by premier Commercial Bank of the country State Bank of India i.e. Alkananda Gramin Bank, Ganga Yamuna Gramin bank & Pithoragarh Kshetriya Gramin bank, sponsored by SBI. is one of the major banking organisation in the Uttarakhand state, Situated in the middle of Majestic Himalaya. 9 out of 13 district viz. Uttarkashi, Tehri Rudraprayag, Chamoli, Pauri, Pithoragarh, Champawat, Haridwar and Dehradun of Uttarakhand state constitute the area of operation of Uttranchal Gramin Bank⁴. The Head office of the Bank is situated at Dehradun, which is the capital city of the state. The major area of operation is thinly populated and serve districts fall under "Zero Industry Zone."

The economy base of the region is agrarian, paddy, sugarcane and wheat are the main crops. Approximately 75% land mass of the state is covered with dense forest, sheltering diversified and rare species of fauna and flora. Virtually the whole region is rain fed despite having rich water resources. There are enough potential for the development of agriculture, horticulture animal husbandry and milk production. High educational standard, high literacy rate extensive forest cover, unlimited water resources for irrigation, favorable conditions for fruits and vegetable production have potential to attract investors for the development of industries in the state. After creation of the Uttarakhand state and organization of SIDCUL, development of infrastructure and industrial zones like Selakui, Haridwar, Kotdwar. Rudrapur, Sitarganj, Roorkee etc. have taken space. Conditions as such, naturally inheritableness potential for the development.

The prime goal of the Bank is the extensive participation in the overall economic development of the region. The bank is dedicated for the up-lift-ment of the rural masses, so that people of the region may achieve all-round development, employment for every body and prosperity to contribute towards progress of state.

Organizational Structure:

Organisational structure of the bank is divided into 3 administrative states. Branches under the supervision of branch managers are the roof units functioning under the area offices, supervised by the area managers. Apex administrative control of these two is enshrined in the head office. Presently, there are 3 area offices viz Area Office. Dehradun, Area office-II Pauri -III

Pithoragrap under which 34, 48 and 25 branches are functioning respectively.

Branch Network:

After amalgamation, the bank is providing to the customers through its extended network of 3 area offices, 107 branches, 11 satellite offices and 2 extension counters:

Table - 1: District wise Branch Network

Sl No.	District	Area Office	Urban	Semi urban	Rural Branch	Satellite Branches	Ext counters
1	Dehrarun	I	I	I	10	-	-
2	Tehri	I		I	18	4	-
3	Uttarkashi	I		I	2	-	-
4	Pauri	II		6	27	4	2
5	Chamoli	II		3	07	2	-
6	Rudraprayag	II		-	05	1	-
7	Pithoragarh	III		1	20	-	-
8	Champawat	III		-	4	-	-
Total		3	13	13	93	11	2

Soruce: 1st Annual Report 2006-07, Uttaranchal Gramin Bank, Dehradun, Uttarakhand.

Being the area of operation of the Bank as rural having thin population density, it has 93 rural branches, 13 semi-urban branches and one urban category branch. As per the direction of the Govt. of India regarding financial inclusion.

Share Capital :

The authorised capital of the Bank is Rs. 500 lacs while paid up share capital and additional equity support in the from of share capital deposits of newly formed Uttranchal Gramin bank is Rs. 300 lacs and Rs. 1001.94 lacs respectively.

Table 2: Share Capital of Uttaranchal Gramin Bank (Rs. In Thousands)

Particular	Share of Central Govt.	Share of Sponsor Bank	Share of State Govt.	Total
Paid up Share Capital	15000	10500	4500	30,000
Share Capital Deposite (Sanctioned)	50097	35067	15030	100194
Share Capital Seposite (Received)	50097	35067	15030	100194

NEW ERA BANKING UTTARANCHAL GRAMIN BANK

Source 1st Annual Report 2006-07, Uttaranchal Gramin Bank, Dehradun, Uttarakhand.

Deposits -

Deposits of Bank rose to Rs. 53566.09 lacs showing a deposit growth of Rs. 7595.30 lacs (16.52%) on the date of 31.3.2007 as against the level of Rs. 45970.87 lacs on 30.6.2006, the date of amalgamation. The Bank has achieved the deposits level of Rs. 53566.09 lacs (100.11%) on 31.3.2007 as against the target of Rs. 53504.41 lacs. Share of demand deposits improved to 65.25% this year from 62.32% as on 30.6.06. Accordingly, cost of deposits worked to be 4.32% as compare to 4.40% last year. Per branch and per employee deposits as on 30.3.2007 are Rs. 500.62 lacs and Rs. 134.59 lacs respectively.

Table 3: Category wise break-up of deposits and deposit mix

Type of Deposits (Current %)	30-6-2006			31-3-2007		
	No. of A/cs	Amount	Deposit Mix	No. of A/cs	Amount	Deposit Mix
	3615	257293	5.6.0%	3262	330641	6.17%
Saving Bank A/c (Growth)%	196422	2607826	56.72%	202013	3164726	59.08%
Total Demand (Growth%)	200037	2865119	62.32%	205275	3495367	65.25%
Time Deposits (Growth %)	67966	1731968	37.68%	68931	1861242	34.75%
Total Deposits	268003	4597087	100%	274206	5356609	100%
	3615				330641	

Source: 1st Annual Report 2006-07, Uttaranchal Gramin Bank, Dehradun, Uttarakhand.

Borrowings:

The bank has not availed refinance either from NABARD or sponsored Bank in view of surplus non-SLR funds, low Credit-deposit ratio and availability of refinance at comparatively higher rates.

Table 4 : The Details of refinance limits sanctioned, drawn and repaid during the year.

	Balance 30-6-2006	Refinance Availed 2006-2007	Repayment 2006-2007	Balance
NABARD	76189	-	12989	63200
SBI	7101	20649	7101	20649
OD Form other Banks	83290	47878	20090	111078

Source: 1st Annual Report 2006- 07, Uttranchal Gramin Bank, Dehradun, Uttarakhand.

Loans and Advances

Table 5 : Activity- wise Advances Outstanding

Particulars	30.6.2006		31.3.2007	
	A/c	Amount	A/c	Amount
Crop Loans	9831	20570	10140	147548
Agri. T. Loans	8540	129960	9831	267780
Small Scale Industries	2126	70280	2522	126317
Small Busi. Finance	17086	877379	11626	759434
Demand Loan & Other	5310	222700	8854	436191
Total	42893	1506019	42973	1737270
CD. Ratio		32.76%		32.43%

Source: 1st Annual Report 2006- 07, Uttranchal Gramin Bank, Dehradun, Uttarakhand.

The Bank has total deposit Rs. 5356609 thousand as against total advances outstanding Rs 1737270 thousands as on 31.3.07 the C.D. ratio of the Bank was 32.76% as on 30.6.06. It has decreased by 0.33% and as on 31.3.07 the C.D. ratio of the bank stood at 32.43%. The C.D. ratio of the Bank is for better than that of all the Commercial Bank operating in the area of operation of the Bank excluding district Dehradun.

The Bank has made a disbursement of loans amounting to Rs. 858451 thousands during the year 2006-07. Table. 6 shows that District Chamoli achieved maximum Uttarakash i has only 3 branches achieved minimum target in disbursement of credit (72. 66%). Area office-II Pauri disbursed maximum credit to borrowers.

NEW ERA BANKING UTTARANCHAL GRAMIN BANK

Table 6 : District - wise disbursement (2006-07)

Sl. No.	Name of District	Target	Achievement	Achievement%
1	Dehradun	101290	98471	97.22
2	Uttarakashi	22062	16031	72.66
3	Tehri	102729	90466	88.06
4	Pauri	180500	183456	101.64
5	Chamoli	58388	72514	124.19
6	Rudraprayag	54713	45091	82.41
7	Pithorogarh	241900	288260	119.16
8	Champwat	56200	64162	114.17

Source: 1st Annual Report 2006- 07, Utranchal Gramin Bank, Dehradun, Uttarakhand.

Table -7 :Sector wise disbursement 2006-07

		As on 2005 -06				As on 2006 -07			
		Target		Achieved		Target		Achieved	
		A/c	Amount	A/c	Amount	A/c	Amount	A/c	Amount
1	Agriculture Cash Credit	9190	189402	5924	178153	6782	109372	2311	110836
2	Agriculture term Loan	-	-	-	-	4877	129675	3675	117647
3	Small Scale Industries	1255	31365	504	42457	1485	42099	805	55468
4	Services & Others	4463	382446	6421	436887	9680	536638	7090	574500
	Total	14908	603213	12849	657497	23724	817782	13881	858451

Source: 1st Annual Report 2006- 07, Utranchal Gramin Bank, Dehradun, Uttarakhand.

Table 7 reveals that sectorwise disbursement of credit to agriculture, small scale industries and services and others chieved more than as against target. This is evident from this table bank are committed to their services for the sect oral development of the state economy.

Recovery:

Table 8: Position of Recovery and Over dues

Total Demand	Recovery	Overdues	Over dues	Recovery%
Farm Sector	178480	126158	52322	70.68%
Non Farm Sector	334197	297734	46463	89.09%
Total	512577	423892	88785	82.68%
Out of which SGSY	53129	38159	14970	71.80%

Source: 1st Annual Report 2006- 07, Utranchal Gramin Bank, Dehradun, Uttarakhand.

The Recovery percentage of the amalgamated bank as on 30.6.2006 stood 82.68% in as a result of 20.53% growth in low cost demand deposit, lost of funds reduced to 3.73% transaction cost also decreased (2.49 thousands) to 2.29 (Thousands) despite increase in average working funds. The miscellaneous income of the Bank increased during the period on account of various measures adopted by the Bank as sdoption of at par multi-city cheque payment facility, marketing of general insurance products of National Insurance Company. During the current year, total increased by 14.76% Income from investment continued to be the main contributor to total income and earning from advances which contribute 37.53% of the total income, increased by 16.75%.

Conclusion:

Both the Government and UGB can devise market based solution to help the rural poor gain access to a larger ranger of financial services more easily and on less costly terms.

Future priorities for the Government should include for the success of UGB:

- ✦ Liberalizing interest rates removing the existing the interest raye 'caps' for small loans.
- ✦ Improving credit information on rural household, by designation agenvy that could take the lead in collecting and disseminating on micro borrowers.
- ✦ Facilitating the scaling up and sustainability of existing locust micro finance models, such as the self - half group-bank linkage model, as well as the Uttarnchal Grameen Bank replicates, piloted in various parts of State, particularly, in the Hills, to make finance accessible to the poor.
- ✦ Removing legal and regulatory obstacles to innovations that can help reduce the costs and risks associated with rural finance.
- ✦ The Government should also aim to improve the performance of the regional rural banks and rural credit co-operatives through:
 - ✦ Enhancing regulatory and supervision based on internationally accepted prudential norms.
 - ✦ Reducing government control and ownership, which for regional rural banks would require amendments to the existing law, and for rural credit cooperative, states to adoption of the recently enacted Model co-operative law.
 - ✦ Strengthening corporate governance.
 - ✦ Improving management and staff skills, particularly in credit decisions and risk assessment and management.
 - ✦ Strengthening the legal framework to make it easier for regional rural banks and rural credit co-operatives to recover small loans and to facilitate the use of land as collateral.

REFERENCES

- 1- Mujumdar, N.A., 1972 Development Imperatives and the Banking system, NIBM, Pune P. 63.
- 2- Government of India, 1975, Report of Banking commission, 1972, pp. 165.
- 3- Reserve Bank of India, 1975, Report on currency and finance 1975-76, Economic Review, ' Vol -1 1975, P. 100.
- 4- Annual Report, 2006-07, Uttaranchal Gramin Bank, Dehradun Uttaranchal.