



Impact of Banking Performance on Rural People in Our Economy

Neha Singh, Research Scholar,
Department of Applied Economics, University of Lucknow

Abstract:

An attempt is made to analyse the performance and impact of Gramin Bank of Aryavart in Lucknow district through various parameters collected from bank officials such as number of employees, number of accounts, advances and deposits mobilization and from customers such as sources of information, staff co-operation, decadal difference and suggestions provided by account holders/customers. For the analysis of the qualitative research excel functions of sum, count and proportion has been used. As the collected raw data was in sentence and paragraph form the data was edited, coded, themed and analysed. The study has analysed that even though the working of GBA has considerably declined, the progress, performance and impact of GBA has significantly improved over time with scope of improvement. The study has reported that there is significant improvement in working of GBA in urban and rural areas and it is also noticable that facilities provide by GBA has increased over a decade.

Key word: Gramin Bank of Aryavart, bank officials, account holders, Lucknow district.

Introduction

After 65 years of independence, still 65 per cent of total population lives in rural areas. The upliftment of rural economy is largely depending upon the strength of the rural sector. India is a nation of agriculture and its development depends on how effectively it is financed by the various banks both for agriculture and industry. Both agriculture and rural development have attracted the attention of the economist, planners and the social scientists because they are providing strong base to the development of a nation. In India Regional Rural Banks (RRBs) play an important role in meeting credit needs of the weaker section by providing financial assistance for the development of rural population, agriculture and industry. The RRBs provide loans and advances and mobilize deposits primarily for rural/semi-urban people such as small and marginal farmers, landless labourers, agricultural

laborers, rural artisans, and other segments of priority sector. Rural Banking has contributed significantly in the multiagency approach of the govt. to provide agricultural and rural credit in rural India. Considering the requirement of banking services for rural people the Government of India appointed a Working Group under the Chairmanship of M. Narsimham, who examined the problems of rural finance, suggested a new form of bank called Regional Rural Banks to provide low cost banking facilities to the poor. In India the Regional Rural Banks (RRBs) were established on October 2, 1975 under Regional Rural Banks Act, 1976 RRBs which are jointly owned by the Govt. of India in the proportion 50:15:35 by Central Government, the concerned State Government and the sponsoring bank. The present paper aims at analysing the impact of Gramin Bank of Aryavart's performance on the bank officials and account holders in Lucknow district. This paper hinges fundamentally on primary sources of data relying on field survey in assistance with this bank's annual reports for the time period of 2001 to 2016.

Gramin Bank of Aryavart: Overview and Historical Backdrop

Gramin Bank of Aryavart is a regional rural bank which was constituted on April 1, 2013 after amalgamation of **Shreyas Gramin Bank** sponsored by Canara Bank and **Aryavart Kshetriya Gramin Bank** sponsored by Bank of India. Gramin Bank of Aryavart a new entity formed after merger works as per provisions under Regional Rural Banks' Act 1976. The Gramin Bank of Aryavart is operating in 15 districts namely Agra, Aligarh, Barabanki, Etah, Faizabad, Farrukhabad, Firozabad, Hardoi, Hathras, Kannauj, Kashiram Nagar, Lucknow, Mainpuri, Mathura & Unnao in the State of Uttar Pradesh. Gramin Bank of Aryavart has a network of 651 branches & 11 regional offices based on CBS platform and enabled with RTGS/NEFT facility. The Head Office of the Bank is situated in Lucknow, the capital of Uttar Pradesh. The Regional Offices of the Bank are located at Agra, Aligarh, Barabanki, Etah, Farrukhabad, Hardoi, Hathras, Kannauj, Lucknow, Mainpuri & Unnao.

Aryavart Kshetriya Gramin Bank:

Aryavart Kshetriya Gramin Bank was constituted on 1st October 2012 on merger of Aryavart Gramin Bank sponsored by Bank of India and Kshetriya Kisan Gramin Bank sponsored by Uttar Pradesh Cooperative Bank Limited, Lucknow. The Bank had 406 branches and seven Regional Offices. The Bank operated in 8 districts namely Barabanki, Farrukhabad, Firozabad Hardoi, Kannauj, Lucknow, Mainpuri and Unnao in the state of Uttar Pradesh.

Shreyas Gramin Bank:

Shreyas Gramin Bank, sponsored by Canara Bank came into existence on 1st June 2006 after amalgamation of three RRBs namely Aligarh Gramin Bank, Etah Gramin Bank and Jamuna Gramin Bank. The bank had network of 203 branches operating in seven districts namely Agra, Aligarh, Etah, Firozabad, Hathras, Kanshiram Nagar and Mathura.

Gramin Bank of Aryavart:

In terms of Section 20 of the Regional Rural Banks Act 1976, the bank presents Annual Report and Accounts of the Bank and Profit and Loss Account for period ending 31st March each year. Avadh Gramin Bank, sponsored by Bank of India, was established on 7th June 1977 vide Government of India Notification dated 4th June 1977 under the provision of Section 3(i) of the Regional Rural Banks Act, 1976 in the name of “Hardoi Unnao Gramin Bank”. The name of the bank was later on changed to “Avadh Gramin Bank” vide Government of India Notification No. F-1-27/84 RRB on 4th December 1987. Avadh Gramin Bank is included in the Schedule II of ‘The Reserve Bank of India Act’ 1934 and is categorized as a schedule bank authorized to take all the banking transactions under section 5(B) of Banking Regulation Act 1949. The bank was renamed as “Aryavart Gramin Bank” which came into existence by the Notification issued by Government of India, Ministry of Finance vide Reference No. F.No. 1/4/2006 – RRB on 3rd October 2006 with effect to amalgamation of three Regional Rural Banks viz. Avadh Gramin Bank, Barabanki Gramin Bank and Farrukhabad Gramin Bank operating in the state of Uttar Pradesh. On 1st April 2013 “Gramin Bank of Aryavart” has operationalized its functioning in the Lucknow District of the State. The Board of Directors presented 1st Annual Report and Accounts of the Bank as on 31st March, 2014 and also the Profit and Loss Account for the year 2013-14 of this bank. This bank came into existence consequent upon the Notification issued by government of India, Ministry of Finance vide Reference No. F. No. 7/9/2011-RRB (UP-1) dated 01-04-2013 by which the necessary directive issued for the amalgamation of two Regional Rural Banks viz. Aryavart Kshetriya Gramin Bank and Shreyas Gramin Bank sponsored by Bank of India and Canara Bank, respectively, operating in the state of Uttar Pradesh, into a new single RRB named as “Gramin Bank of Aryavart”.

The bank was established with a view to make available basic banking facilities in the remote rural areas and mobilise saving from rural masses that were not adequately served by the Commercial Banks due to one reason or the other. Besides, it was also desired that the bank should provide credit facilities to the population below poverty line, in the rural areas to enable them to carry out their economic activities viz. dairy and allied activities, agriculture, cottage and small-scale industries and retail trade. The bank has also initiated financial inclusion programme to reach with banking facilities to the poor and persons belonging to the weaker section of the society.

Area of Operation in Lucknow District:

Gramin Bank of Aryavart has its area of operation in 15 Districts with its Head Office in Lucknow with a network of 651 branches and 12 Regional Offices. The Regional Offices of the Bank are located at Barabanki, Lucknow, Hardoi, Farrukhabad, Kannauj, Unnao, Mainpuri, Aligarh, Hathras, Etah & Agra. Regional Office in Lucknow has 68 branches 30 in Barabanki district & 38 in Lucknow district.

Computerisation in GBA Bank/ Information Technology (IT):

The bank is determined to provide all the facilities at par with the commercial banks to its customers. Sponsor bank ‘Bank of India’ has published request for implementation of CBS (Core Banking Solutions) platform using Finacle as banking application software in the bank. Presently all the 651 branches and 12 regional offices are working under CBS platform providing RTGS and NEFT facilities to the customers since 2011. Email Facility:

Sponsor bank has provided email facility for all branches and controlling offices. Email ids for all branches, various departments of controlling offices and all officers have been created which made the communication between the branches and controlling offices not only faster but also more effective.

Internet Banking: The bank has completed the base work for providing the internet banking facility to the customers and testing has already been done. The internet banking facility will be provided to the customers in upcoming financial year. CTS: Implementation of Cheque Truncation System (CTS) is being implemented in Nirala Nagar branch Lucknow and Agra Service branch in the first phase. After the implementation of CTS bank will be connected to 7 states namely Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Jammu.

Profile of Lucknow district:

Lucknow is the capital city of Uttar Pradesh popularly known as city of nawabs, golden city of east, Shiraz-i-hind and the Constantinople of India. It is multi-cultural city with beautiful gardens, courtly manners, poetry, music and fine cuisine. Situated in the heart of the great gigantic plain, Lucknow city is surrounded by rural towns and villages and orchard town of Malihabad. Chief geographical feature Gomti river meanders through the city dividing it into Trans-Gomti and Cis-Gomti regions; some tributaries of Gomti river are Kukrail, Loni, Beta. Lucknow district is surrounded by Barabanki district on its eastern side, Unnao district on its western side, Sitapur and Hardoi on its northern and Raibareli district on its southern side. Lucknow district is situated on 26.30 and 27.10 north latitude and 80.30 and 81.13 east longitude, covering an area of 2528 sq. km. which includes 2057.29 sq. km. rural area and 470.71 sq. km. urban area, with an altitude of 123 meters above sea level. Lucknow is connected to every part of India through air, rail and road and major cities are accessible through Amausi airport like New Delhi, Mumbai, Calcutta and Varanasi. Table 4.2 shows; Population of Lucknow district is 45.88 lakh consisting of 23.94 lakh males and 21.95 females where sex ratio is 917 females per 1000 males and total population in urban is 30.38 lakh and in rural is 15.50 lakh. Density of population is 1816 person per sq. km. with 860703 total household comprising of 283193 in rural and 577510 in urban. Total literacy rate is 77.29% where 82.56% are males and 71.54% are females. There are 8 skhetra panchayat/blocks and 5 tehsils/taluks in Lucknow district namely Lucknow Sadar, Chinha, Bakshi ka talab, Malihabad and Mohanlalganj. Eight blocks are Bakshi-ka-Talab, Lucknow Sadar, Malihabad, Mohanlalganj, Chinhat, gosaiganj, Kakori, Sarojini Nahar and Mal. 4 tehsils/taluks are Bakshi-ka-Talab having 186 villages, 3 towns and 349654 population, Lucknow Sadar having 205 villages, 5 towns and 3391208 population, Malihabad having 187 villages, 1 town and 368453 population, Mohanlalganj having 229 villages, 3 towns and 480523 population.

Performance and Impact of GBA in Lucknow district:

To find out the impact of GBA, a short study was conducted taking the sample of Lucknow district. An attempt has been made to identify the general impact on rural section of the district under its operation. The study is confined to four branches of Lucknow district, two branches before merger namely Aliganj, Chinhat and two branches after merger namely Mahibullapur, Gudamba. Here Aliganj and Mahibullapur are urban branches and

Chinhat and Gudamba are semi-rural branches. The analysis is based on primary data collected from the account holders and bank officials with the help of well-structured interview method.

The Sample Design:

The selection of account holders was based on stratified random sampling of two localities Aliganj and Gudamba. The respondents chosen were pre-merger a/c holders. As merger of Gramin Bank of Aryavart was held in two phases, 2006 and 2013 respectively and core banking solutions started in 2011 in RRBs so data was collected from account holders having their accounts since 2001 but not later than 2008, and have witnessed a decadal changes. The total number of 50 respondents were interviewed 25 from each branch.

Methodology:

Personal interview method was followed to collect necessary information from chosen respondents. Cross sectional approach was used to evaluate the impact of merger on the account holders of different occupations and income classes. Respondents having accounts saving and current for more that a decade have been randomly selected to estimate the decadal difference in performance of bank pre and post-merger. The main indicator included in the interview were related to bank information, infrastructural changes, decadal differences in performance of GBA and major suggestions provided by respondents.

Analysis of data:

Data has been analysed using qualitative theme framework analysis using excel software. Formulae used were growth percentage, countif and sum function, percentage and proportions. The raw data collected was edited coded themed and analysed using excel formulae. An attempt has been made to generalize the results obtained taking into account the settings, constraints and limitations of the study.

Significance of the Study:

The research study significantly evaluates financial performance of RRBs in India. The results of the present study is useful in analysis of performance of GBA to provide an outline to the banking policy makers to improve the working of the RRBs in Lucknow District. Impact study of this kind clearly indicates how bank is successful in its job of providing rural credit to rural section for their development. It highlights the progress of RRBs after amalgamation i.e. 2006 in Lucknow District.

Limitation of the Study:

1. The sample size is not adequately as large to cover maximum number of account holders.
2. The research work is analysis of financial data collected from secondary sources.
3. The area of study is Lucknow districts, so generalization of the results of the study could only be restricted to the area under investigation.

4. Most of the data and information will be based on the verbal responses of the respondents the chance of bias is there. Further. It is also likely that some of the answers might not fully and correctly reflect the inner thoughts and aspirations of the respondents about rural financing operations of banks.

Primary data interview: respondents of GBA (bank info of respondents)

Primary data collection is through scheduled interview method for which respondents of GBA of Aliganj and Gudamba branches were interviewed for this study. This study is designed to present the empirical analysis of the main theme under study which are:

Bank information sources of respondents:

Bank information was collected by old account holders of the bank branches having their accounts for more than a decade since 2001 but not later than 2009. Major sources of information as mentioned in table 1.1 was provided by bank to account holders on reaching banks in query of any new information which is 43%. Friends were the secondary source of information accounted for 21% and it was found that rural section of Lucknow region were usually unaware of any new scheme as self-information gathered was only 2%. This shows that customers need to be more aware by use of internet and working should be increasing by use of computers and internet.

Staff co-operation:

As we have seen in table 1.1 that major source of information for account holders was bank on reaching bank for any query so we can conclude that the staff co-operation was high. Table 1.1 shows that 63% of the staff was helpful, the only problem was slow working. Around, 10% of respondents complained about the staff but overall staff was found co-operative. The only problem was slow working accounting for 5% and 8% reported that staff was semi helpful. This shows that staff needs more aids for fast workings, for which bank and government needs to take necessary action.

Table 1.1 Bank Information Sources and Staff Co-operation

| Statistics Frequency | | | Statistics Frequency | | |
|----------------------|-----|------|----------------------|-----|------|
| Bank Information | No | % | Staff | No. | % |
| Agent | 4 | 2% | Helpful | 128 | 63% |
| Bank | 86 | 43% | Not Helpful | 20 | 10% |
| Friends | 42 | 21% | Semi Helpful | 16 | 8% |
| Relatives | 34 | 17% | Good Staff | 7 | 3% |
| Neighbour | 32 | 16% | Unskilled Staff | 1 | 0% |
| Self | 2 | 1% | Slow Working | 11 | 5% |
| SMS | 2 | 1% | Fast Working | 9 | 4% |
| Total | 202 | 100% | No | 4 | 2% |
| | | | Yes | 2 | 1% |
| | | | Can't Say | 4 | 2% |
| | | | Total | 202 | 100% |

Source: Field Surveyed Data

ATM and SMS Facility:

Mobile banking started in India in 2002, and back then, transactions were carried out through SMS. Today, almost all banking transactions can be performed online using a computer, laptop or a smartphone from checking account statements to paying credit card bills, utility bills and transferring funds. Mobile banking began as an offshoot of internet banking to further aid convenience and ease of access. In 2018, almost all banks have mobile phone applications for financial transactions removing the requirement of having a computer or laptop to transfer funds, and with continued advancements, have made visits to the bank a rarity.

Table 1.2 shows that 71% respondents do not use ATM facility and 66% do not use SMS facility. In this digitalized world there is need for core banking facilities and computerization, therefore bank is initiating these facilities. ATM: Bank has started providing 31520 RuPay Debit Cards and 67110 RuPay Kisan Credit Cards to its customers. Bank has also planned to install its own ATM in rural areas where no other ATMs are installed, for this the bank has selected 45 such locations for installation. Bank is using core banking solutions, KYC information to link SMS facility with accounts.

Table 1.2 ATM and SMS Facility

| Statistics Frequency | | | | | |
|----------------------|-----|------|-------|-----|------|
| ATM | No. | % | SMS | No. | % |
| Yes | 58 | 29% | Yes | 68 | 34% |
| No | 144 | 71% | No | 134 | 66% |
| Total | 202 | 100% | Total | 202 | 100% |

Source: Field Surveyed Data

Primary data interview: bank officials of GBA

Primary data are those which are collected afresh by the researcher thus are original in nature. Primary data can be collected either by experiment or survey method. Primary data collection in the study is through scheduled interview method for which 31 bank officials of GBA of Head Office, Regional Office and four branches namely Aliganj, Chinhat, Mohibullapur and Gudamba were interviewed for this study. This study is designed to present the empirical analysis of the main theme under study which are:

Core Banking Solutions:

Table 1.3 shown that in the survey it was found that 9.68% said that TBM Total Bank Mechanism started in 2006, CBS (Finacle of Infosys) started in 2011 and ATM Automated Teller Machine started in 2012. Due to CBS online, interbank fund could be transferred, internet banking facility was available as reported by 22.58% bank officers. Cheque collection and clearing fastened and there were facilities of barcode cheques and computerized passbook entry, electronic token counters and biometric system of accounts as reported by 6.45%, 16.13%, 12.90% bank officers respectively. 16.13% said that since 2011 installation of CBS system working has improved and speeded up, 6.45% also informed that from 2010 onwards each branch has its unique 11digit IFSC Code The first four

characters indicate the name of the bank and the last 6 digits represent the bank branch location. IFSC code is a unique eleven-digit number which is a combination of alphabets and numerals. It is used to transfer funds online for NEFT, IMPS and RTGS transactions. Usually, the IFSC code can be found on the cheque-book provided by the bank. It can also be found on the front page of the account holder's passbook.

Table 1.3 CBS

| 8 Types of Themes | | |
|---|----|--------|
| CBS (NEFT, RTGS, ATM) | No | % |
| CBS Core Banking Solution Using Finacle Of Infosys | 5 | 16.13 |
| Internet Banking and Online Internet Bank Transfer (NEFT, RTGS) | 7 | 22.58 |
| Barcode Cheques and Computerised Passbook Entry | 5 | 16.13 |
| KCC and ATM | 3 | 9.68 |
| Fast Cheque Collection and Clearing | 2 | 6.45 |
| Automated Token Counter and Note Count Machine | 4 | 12.90 |
| 2010 Onwards, IFSC Code | 2 | 6.45 |
| Till 2006 TBM, 2010 CBS, 2012 ATM | 3 | 9.68 |
| Total | 31 | 100.00 |

Source: Field Surveyed Data

Marketing and Publicity:

Banking Sector has become too competitive in the recent years and everybody must advertise its products properly in order to get market share. Marketing Officers are very important to devise strategies for effective marketing of bank products so that the Unique Selling Point (USP) are properly highlighted and it gets an edge over others' products in the market.

Table 1.4 shows that after merger the size of bank improved resulting in increased deposits and funds therefore the bank could hire marketing officers and IT officers as reported by 38% of bank officers.

Table 1.4 Marketing and Publicity

| 6 Types of Themes | | |
|---|----|--------|
| Marketing & Publicity | No | % |
| Marketing Manager, IT Officer | 12 | 38.71 |
| Specialist Officer Marketing Efforts | 5 | 16.13 |
| Marketing Officer on Regional Basis | 5 | 16.13 |
| Field Work with Dealers on Scheme Promotion | 2 | 6.45 |
| Scheme Promotion Using Loud Speaker | 4 | 12.90 |
| Marketing Officer and More Funds | 3 | 9.68 |
| Total | 31 | 100.00 |

Source: Field Surveyed Data

Conclusion:

In this study it was observed that progress of the GBA has improved post-merger specially after computerization and CBS system started in 2011. Even though the number of staff in each branch is inappropriate in comparison to savings and current accounts opened in respective branches then too the customer were satisfied with the co-operation and help provided by bank officials. ATM and SMS facilities and computerization are the basic

requirement of the account holders. Overall it could be concluded that the performance of the bank and its impact on rural and urban areas has increased over time and it is stiff striving for providing and enhancing its facilities for the satisfaction of the customers.

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