

Regional Rural Banks in India: A Comparison of the Assam Gramin Vikas Bank and the Meghalaya Rural Bank

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Abstract – The Assam Gramin Vikas Bank (AGVB) and the Meghalaya Rural Bank (MRB) are currently functioning in the State of Assam and Meghalaya. Over all the motto of both the Banks are similar as per the working guidelines of the Regional Rural Banks in India. As the two states are nearby states and therefore in the current study it is tried to see the working position of the AGVB and the MRB. For the study purpose available data have been collected from period 2007 to 2016, and necessary calculations are made to see the comparative picture of both the Banks. In the study important areas compared for the study are branch network, employees' strength, per branch & employee income and expenditure etc. The calculated value of the various parameters taken for the study of both the Banks are put in the various tables so that the picture of the comparison can be easily grasped.

Key Words: AGVB, MRB, Branch Network, Staffs, Income, Expenditure, Profit, CD Ratio.

I. INTRODUCTION

The Govt. of India established the Regional Rural Banks (RRBs) in the year 1975. The main objective of the creation of RRBs in the country was to make the banking available to all the people residing in the various nooks and corners of the country. The backward areas and villages which were not getting the facilities of banking could ultimately access the banking facilities like credit & deposit etc. The poor farmers and the tiny artisans in the various remote areas could avail the umbrella of banking. Overall RRBs were created to help backward areas and utilize its resources and thereby the village small and marginal farmers, artisans, crafts and tiny industries could actually be benefited from the new banking organization of RRB and the overall of economic progress to the region and the country as a whole.

In line with the RRBs in India, as per provision under section 23(A) of RRB Act 1976, the Assam Gramin Bank came into existence in Assam in 2006 by amalgamating the erstwhile Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Bank & Subansiri Gaonlia Bank. Again in the state of Meghalaya in 1981 there established a regional rural bank with local name Ka Bank Nonkyndong Ri Khasi Jaintia which name is substituted to Meghalaya Rural Banking May 2007.

II. OBJECTIVES OF THE STUDY

The prime objectives of the study are the following.

- (a) To see the branch network of AGVB and MRB.
- (b) To see the employee strength in AGVB and in MRB.
- (c) To know the efficiency status in some of the areas like productivity per employee & productivity per branch and the CD ratio.
- (d) To see the per branch & per employee income and expenditure status in AGVB and MRB

III. METHODOLOGY

In order to make a fruitful study on the given objectives secondary sources of data are collected for the last ten years i.e from period 2006 to 2016. The major source of data collection is done from the annual reports of the Assam Gramin Vikas Bank (AGVB) and the Meghalaya Rural Bank (MRB) of the given years. On the basis of available data required calculations are done by the researcher. To comprehend the comparison easily calculated figures on various parameters are put in separate tables so that the reader can easily have the performance

comparative picture of the Assam Gramin Vikas Bank and the Meghalaya Rural Bank in aggregate.

IV. LITERATURE REVIEW

There are very few literature available on the RRBs located in the North-East Region of India. Simultaneously no such comparative study is done on the two neighborhood RRBs of the country. Therefore the current study found this gap and tried to see the comparative picture of the RRBs located in the state of Assam (i.e the Assam Gramin Vikas Bank) and the Meghalaya (i.e the Meghalaya Rural Bank). Some of the literatures reviewed for purpose of the current study are the following.

According to Pati (2005) in his study in reference to Subansiri Gaonlia Bank of Assam and RRBs in India, he observed these banks are finding the problem of loan recovery and fresh accretion in NPA's and as well as such banks are having low profitability and management problem. He advised for suitable management to improve the performance level.

Singh and Singh (2009) in their study on Manipur Rural Bank made an assessment that loan repayment mainly depends on right utilization of loan by the consumer and generation of sufficient income. Again this also highly depends on accessibility of infrastructural facilities, marketing facilities and good supervision etc. from and Bank side.

Sarma and Barman (2014) in their study observed that the creation of RRBs in the country was an important step for financial inclusiveness in providing various services by the RRBs like savings, loans, insurance etc.

The Assam Gramin Vikas Bank has been playing a pivotal role to bring financial inclusiveness. Its role as the largest RRB in the region is taking many initiatives for financial inclusiveness in the region. Similarly, as far audited balance sheet report of MRB as on (31st march 2014), it is observed that out of 91 branches, only 90 have earned profit. It also mentions that out of total advance portfolio of Rs. 503.10 crores, non-performance asset (NPA) figures stands at Rs. 22.37 crores.

Also mention about steps to be taken to bring the NPA level below 3 per cent against the total advance portfolio. Again to increase the productivity AGVB is paying attention for good training to its staffs. As far annual report of AGVB (2013-14), AGVB has been giving importance to promote the knowledge and skills of its staffs by assigning them to various training programmes within and outside the State. During the year 2013-14, altogether 1019 officials attended such training.

The Bank has been giving much emphasis on training of its employee to upgrade their skills so that they could well accommodate themselves in the current situation.

- (a) **Branch Network of AGVB and MRB:** Table-1 demonstrates the branch network of AGVB and MRB. It is observed that there were 355 branches of AGVB in 2007 and were covering the 25 districts of Assam. In 2016 it increased to 410 branches covering 31 numbers of districts in the State. The average number of branches covered by the Bank is in an around 14 branches per district. On the other hand in case of MRB, there were 51 branches in 2007 which increased to 93 branches in 2016. The numbers of districts covered in 2007 were 4 districts and in 2016 it increased to 93 branches covering the 11 districts of Meghalaya with an average of around 8.45 branches per district.

Table-1

Branch Network of AGVB and MRB

Year	Assam Gramin Vikas Bank			Meghalaya Rural Bank		
	Number of Branches	Number of Districts	Number of Branches Per District	Number of Branches	Number of Districts	Number of Branches Per Districts
2007	355	25	14.2	51	4	12.75
2008	355	25	14.2	51	5	10.2
2009	355	25	14.2	51	6	8.5
2010	356	25	14.24	55	6	9.17
2011	362	25	14.48	58	6	9.67
2012	369	25	14.76	64	7	9.14
2013	374	25	14.96	76	7	10.86
2014	396	25	15.84	91	11	8.27
2015	406	25	16.24	92	11	8.36
2016	410	31	13.23	93	11	8.45

Source: 1. Data collected and calculated from the annual reports of AGVB & MRB (Various Issues)

- (b) **Employee Strength in AGVB and MRB:** Table-2 shows the employee status in AGVB and MRB. In 2007 there were 1761 number of staffs in AGVB with the average of around 5 number of staffs per branch. In 2016 it increased to 2123 number of staffs and retaining almost the same number of staffs per branch. In case of MRB there were 179 numbers of staffs in 2004 with the average of around 3 staffs per branch. In 2013 total number of staffs in MRB increased to 318 number of staffs showing the average of around 4 staffs per branch.

Table-2

Staffs Strength in AGVB and MRB

Year	Assam Gramin Vikas Bank			Meghalaya Rural Bank		
	Number of Branches	Number of Staffs	Staffs Per Branch	Number of Branches	Number of Staffs	Staffs Per Branch
2007	355	1761	4.96	51	179	3.5
2008	355	1736	4.89	51	209	4.1
2009	355	1719	4.84	51	194	3.8
2010	356	1701	4.77	55	215	3.9
2011	362	1733	4.79	58	255	4.4
2012	369	1748	4.74	64	243	3.80
2013	374	1884	5.04	76	318	4.18
2014	396	2039	5.15	91	346	3.80
2015	406	2145	5.28	92	372	4.04
2016	410	2123	5.18	93	399	4.29

Source: 1. Data collected and calculated from the annual reports of AGVB & MRB (Various Issues)

- (c) **Productivity and Credit Deposit Ratio:** Table-3 demonstrates the productivity and credit deposit status of the AGVB and MRB. In productivity factors taken are per branch and per employee production. It is observed that in 2007 productivity per employee in the AGVB was Rs.17106 thousands which increased to Rs.54235 thousands in 2016. In case of productivity per branch, during the same period quantum amount has increased from Rs.84856 thousands to Rs.280833 thousands. Similarly in case of CD ratio over the years it increased from 53.32 per cent to 55.98 per cent. Correspondingly, in the MRB productivity per employee in the year 2007 was Rs.28784 thousands which increased to the amount of Rs.48096 thousands per employee. During the same time, in regard to productivity per branch it has increased from Rs.71112 thousands to Rs.206346thousands. In case of CD ratio it was 29.36 per cent in 2007 which increased to 51.19 per cent 2016.

Table-3

Productivity and Credit Deposit Ratio in AGVB and MRB

(Amount in Thousands)

Year	Assam Gramin Vikas Bank			Meghalaya Rural Bank		
	Productivity Per Employee	Productivity Per Branch	CD Ratio in AGVB	Productivity Per Employee	Productivity Per Branch	CD Ratio in MRB
2007	17106	84856	53.32	28784	71112	29.36
2008	20686	101157	51.72	25354	79475	30.80
2009	24902	120580	48.55	33286	96776	29.67
2010	29868	142713	46.74	45579	125963	30.15
2011	37214	178155	47.36	47785	154064	31.91
2012	42819	202839	53.28	61335	169631	34.46
2013	45885	231145	56.29	57496	180810	38.07
2014	49523	254992	57.04	60575	169742	48.30
2015	52821	279069	52.72	74421	196569	51.64
2016	54235	280833	55.98	48096	206346	51.19

Source: 1. Data collected and calculated from the annual reports of AGVB & MRB (Various Issues)

- (d) **Branch Level Income, Expenditure & Profit Scenario in AGVB and MRB:** To see the income and expenditure picture of AGVB and MRB various parameters considered are income per branch, expenditure per branch and as well the profit trend per branch during the corresponding period is also presented which is shown in table-4. It is revealed that in AGVB income per branch in 2007 was Rs.4634.79 thousands which increased to Rs.18042.07 thousands per branch in 2016. During the same period the corresponding figures for MRB were Rs. 4089.31thousands income per branch which increased to Rs.13892.46 thousand per branch in 2016. In case of expenditure per branch, quantum amount in 2007 was Rs.4578.32 thousands per branch in AGVB and Rs. 3405.02thousands per branch in MRB. In 2016 it increased to the size of Rs.17104.51 thousands per branch in AGVB and Rs.20702.41 thousand per branch in MRB respectively. Similarly profit per branch of AGVB in 2007 was Rs.4578.32thousands per branch and increased to Rs.17104.51thousands per branch in 2016. On the other hand in 2007 profit per branch in MRB was Rs.684 thousands which actually decreased to the negative figure of Rs.6809.95 thousands per branch in 2016.

Table-4

Per Branch Income, Expenditure & Profit in AGVB and MRB

(Amount in Thousands)

Year	Assam Gramin Vikas Bank			Meghalaya Rural Bank		
	Income Per Branch	Expenditure Per Branch	Profit Per Branch	Income Per Branch	Expenditure Per Branch	Profit Per Branch
2007	4634.79	4578.32	56.47	4089.31	3405.02	684.29
2008	5355.51	4813.63	541.88	5275.35	4114.24	1161.11
2009	6854.75	6135.76	718.98	7685.20	5420.14	2265.06
2010	8092.44	7040.37	1052.07	7690.44	5574.76	2115.68
2011	9382.06	7972.98	1409.07	9869.59	7802.05	2067.54
2012	12992.98	10874.72	2118.27	11664.83	9245.45	2419.38
2013	15087.51	12205.14	2882.36	12438.32	8716.54	3721.78
2014	16158.26	15196.44	961.81	11755.63	8273.92	3481.71
2015	12079.67	15391.31	-3311.65	13444.87	10177.25	3267.62
2016	18042.07	17104.51	937.56	13892.46	20702.41	-6809.95

Source: 1. Data collected and calculated from the annual reports of AGVB & MRB (Various Issues)

- (e) **Employee Level Income, Expenditure and Profit in AGVB and MRB:** From table -5 it is observed that income per employee in the AGVB in 2007 was Rs.934.3271 thousand per employee which increased to the size of Rs.3484.34thousands per employee in 2016. Similarly in case of expenditure per employee during the same period it increased from

Rs.922.9432 thousands per employee to Rs.3303.27thousand per employee in 2016. As far as profit is concern in AGVB it was Rs11.38 thousands per employee in 2007 which increased to the tune of Rs.181.06 thousands per employee in 2016. In case of MRB income per employee in 2007 was Rs. 1165.11thousand which increased to the extent of Rs.3238.09 thousand per employee in 2016. At the same time expenditure per employee in MRB in 2007 was Rs.970.15 thousands which increased to the amount of Rs. 4825.37 thousands per employee in 2016. Again the profit per employee of MRB in 2007 was Rs.194.97 thousands but declined to the negative figure of Rs1587.28 thousands per employee in the staid period.

Table-5

Per Employee Income, Expenditure and Profit in AGVB and MRB

(Amount in Thousands)

Year	Assam Gramin Vikas Bank			Meghalaya Rural Bank		
	Income Per Employee	Expenditure Per Employee	Profit Per Employee	Income Per Employee	Expenditure Per Employee	Profit Per Employee
2007	934.33	922.94	11.38	1165.11	970.15	194.97
2008	1095.16	984.35	110.81	1287.29	1003.95	283.33
2009	1415.61	1267.13	148.48	2020.34	1424.88	595.45
2010	1693.66	1473.47	220.19	1967.32	1426.10	541.22
2011	1959.79	1665.45	294.34	2244.85	1774.58	470.26
2012	2742.80	2295.64	447.16	3072.22	2435.02	637.20
2013	2995.08	2422.89	572.19	2972.68	2083.20	889.48
2014	3138.14	2951.35	186.80	3091.80	2176.09	915.71
2015	2286.41	2913.23	-626.82	3325.06	2516.95	808.121
2016	3484.34	3303.27	181.06	3238.09	4825.37	-1587.28

Source: 1. Data collected and calculated from the annual reports of AGVB & MRB (Various Issues)

V. CONCLUSION

From the above study it can be concluded that overall the progress of the AGVB and MRB is not that satisfactory if we compare the performance picture of such banks with other commercial banks of the country in the current context. Still the importance of banking institutions like the AGVB and the MRB has highly significant. As other commercial banks may not like to extend their branches in the remote areas of the North Eastern States like the Assam and the Meghalaya, therefore the financial institution like AGVB and the MRB must be more effective to enhance especially the credit picture in the region. The tribal economy of Assam and the Meghalaya has to be done lot by such financial institutions. The govt. must have more focused to the institution like AGVB and the MRB for the overall banking scenario progress to all the backward regions and the poor people of both the States.

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