

A STUDY OF SARVA HARYANA GRAMIN BANKS IN POST MERGER PERIOD WITH SPECIAL REFERENCE TO TOTAL BUSINESS MANAGEMENT

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ABSTRACT:

Banks play a very important role in the economic development of every Nations. Banks are the main stimulus of the economic progress of a country. The development process of a country is usually nourished by its banking system. They have control over a large part of supply of circulation. In RRBs there are three shareholders namely Govt. of India (50%Share) sponsor banks (35%), and state govt. (15% share). The sponsor bank, which provides assistance in the form of subscription to its share capital, managerial assistance, also helps in recruitment, training and development of personnel. At present there is no Haryana Gramin Banks Via notification of Govt. of India dated 29th Nov., 2013, Haryana Gramin Bank Sponsored by PNB and Gurgaon Gramin Banks amalgamated and known Sarva Haryana Gramin Bank. Sarva Haryana Gramin Bank Sponsored by PNB.

KEYWORDS: Business Management, Evaluation Performance, , Merger, Regional Rural Banks

I. INTRODUCTION

Banks play a very important role in the economic development of every Nations. Banks are the main stimulus of the economic progress of a country. The development process of a country is usually nourished by its banking system. They have control over a large part of supply of circulation. Regional Rural Banks have been in existence for around four decades in the Indian financial scenario. After the nationalization of banks, the Government felt that there was a need to have specialized network of bank branches to fulfill the credit needs of the rural poor. Keeping the requirement in view, the Banking Commission (1972) observed and recommended establishment of an alternative institution which provide banking facilities in rural area. And finally, the Government of India established Regional Rural Banks on the 26th September 1975 as a separate institution with an objective to ensure sufficient institutional credit for agriculture and other rural sector. In order to fill up this gap, a new set up of banks, namely RRBs play a pivotal role. The establishment of

more rural branches undoubtedly has served the twin objectives of mobilization of rural deposits and channelization of credit to the rural areas. The credit absorption capacity in the rural areas largely depends on the availability of required infrastructure. The deposit mobilization and channelization of credit in social and productive units to meet the social objectives with profitability is the major motive of any financial institution. Regional Gramin Banks (RGBs) as like any other commercial banks in the country mobilize the deposits of people and as business institution they utilize deposit in providing credit to needy people in rural and backward areas and thereby try to earn certain profit for their survival. Regional Rural banks are jointly owned by central Government, State Government and Sponsor Bank. From the commencement of 6 RRBs having 17 branches in 12 districts in December 1975, the number has increased 196 RRBs with 14,446 branches working in 518 districts across the country on 31st March, 2004. As per the recommendations of the Vyas Committee (2004), the Govt. of India initiated the process of consolidation of RRBs by amalgamating RRBs into the sponsored bank within a State. The amalgamated RRBs were anticipated to provide better customer service due to better infrastructure, pooling of experienced work force, computerization of branches,. As a result of amalgamation, the number of RRBs was reduced from 196 to 133 as on March, 2006 and further to 82 RRBs with 15,658 branches operating in 621 districts as on March 2011. Thus, under the amalgamation process, a number of RRBs have been amalgamated but the branches have increased. Total no of branches of RRBS are 19082 on 31st march, 2014. The authorized capital of RRBS is 100 crore which later augmented to 500 crore. There were *five commercial banks, State Bank of India, Punjab National Bank, Syndicate Bank, United Commercial Bank and United Bank of India* which sponsored the regional rural banks. In RRBs there are three shareholders namely Govt. of India (50% Share) sponsor banks (35%), and state govt. (15% share). The sponsor bank, which provides assistance in the form of subscription to its share capital, managerial assistance, also helps in recruitment, training and development of personnel

II. SARVA HARYANA GRAMIN BANKS

In Haryana state, the previously RRBs were set up as Haryana Kshetriya Gramin Banks with Head office, Bhiwani, Hisar-Sirsa Kshetriya Gramin Bank, with Head Office Hisar and Ambala-Kurukshetra Gramin Bank, with Head Office Ambala City with the objectives to take the banking to rural masses particularly unbanked rural areas to make available institutional credit to weaker sections of the society, to mobilize rural saving and channelise them for supporting productive activities in the rural areas. As per Government of India, notification, On 21st December, 2005 all the above three Regional Rural Banks were merged and knew as Haryana Gramin Bank (HGB) with its head office at Rohtak came into existence. Gurgaon Gramin Bank sponsored by Syndicate Bank, established in March 1976 under RRBs Act, 1976. It had a network of 20 branches on dated 31.12.1976. In the end of financial year 2011-12, it had 210 branches. Gurgaon is situated in the southern part of Haryana state. At present there is no Haryana Gramin Banks. Via notification of Govt. of India dated 29th Nov., 2013, Haryana Gramin Bank Sponsored by PNB and Gurgaon Gramin Banks amalgamated and became Sarva Haryana Gramin Bank. Sarva Haryana Gramin Bank Sponsored by PNB. At present, head office of SHGB is in

Rohtak. The Sarva Haryana Gramin Bank has a network of 610 branches spread over 21 districts of its operation.

III. REVIEW OF LITERATURE

A large volume of literature is available on various aspects related to banks in India. Studies were made on Public sector banks, Private sector banks and also on Regional Rural Banks in India regarding their performance, service quality, customer satisfaction, employee satisfaction etc. Since the inception of the RRBs in 1975, the RRBs and the various aspects of their performance have attracted the attention of academicians, researchers and policy makers from time to time in the country. Though studies on the performance of RRBs are few, a good number of studies have been done in other states of India.

Pasricha, G.S (1990) in his case study "Performance of Regional Rural Banks" concluded that the banks performance under performed well in the fulfilled of nation targets laid down by RBI. The annual performance of Regional Rural banks has remained quite satisfactory and disbursement have been quite higher than the target except for small scale industries

Kumar and Sharma (2011) in a comparative study of Himachal Gramin Bank and Parvatiya Gramin Bank found that the Parvatiya Gramin Bank is more conservative as compared to the Himachal Gramin Bank with regard to NPAs' management.

Vijaya Boothpur and Morage Prakash V (2012) examined the effective monitoring and control will definitely reduce the possibility of asset turning out to be Non-performing. It is found that Krishna Grameena Bank is making all efforts to control the NPA. It has kept the NPA ratio very low even below the standard norm of two to three per cent. It shows the efficiency of the Bank in managing the NPA.

Rajesh M.V. and T.V. Raju (2013) in their research article 'Performance of RRBs in India' analysed the performance of RRBs in the rural centre of the southern region contrasts strategy with that of the RRBs in the rural Centre of the other regions of the country. Andhra Pradesh ranks first and Kamataka ranks second in terms of the aggregate deposit and gross credit outstanding. The CD ratio is well already of 100 per cent in respect of rural branches of RRBs in all the states of the southern region.

IV. RESEARCH METHDOLOGY

The present research work is based on the secondary data. With a view to achieve the objective, the Secondary data is collected chiefly from financial statements compiled by the head office of Sarva Haryana Gramin Bank, RBI bulletin, RBI Annual Reports, RBI Trend and Progress of Banking in India, Annual Reports of NABARD and its various journal published. The study has been covered the year from 2013 to 2018. It has examined the growth and performance of Haryana Gramin banks and to assess the growth and Credit Deposit Ratio will be used for evaluation of management performance of Bank. For analyzing and interpreting the results, the statistical tools like arithmetic mean, Standard Deviation and computed annual growth rate has been used.

V. OBJECTIVES OF THE STUDY

1. To evaluate the management performance of Haryana Gramin Banks in post merger period.
2. To analyses the impact of banking sector reforms on the performance of Sarva Haryana Gramin Banks in post merger period.

VI. CREDIT AND DEPOSIT RATIO

Management performance of the Banks is reflected by the Credit Deposit Ratio. C-D Ratio is one of the parameter to evaluate the performance of a bank. The Credit Deposit explains the extent to which the depositor's money is advance in the form of loan and the extent to which such money is placed in the form of investment

TABLE 1: CREDIT AND DEPOSIT RATIO IN POST MERGER PERIOD

Year	Advances (in thousands)	Deposits (in thousands)	C/D Ratio
2013	54532262	84834274	64.28
2014	55296114	87095151	63.49
2015	61886687	91930353	67.32
2016	67774910	101236945	66.95
2017	74323450	120305025	61.78
2018	84936750	135564583	62.65
Mean	66458362.17	103494388.5	
S.D	11770909.78	20332499.63	
CAGR	7.66%	8.13%	

Sources: Compiled reports of Sarva Haryana Gramin Banks

The Credit Deposit Ratio of SHGB from 2013 to 2018 shows very fluctuate trend . The mean value of advance and deposits of the bank is increased. The C-D Ratio of the bank raised from 64.28 per cent in 2013 to 62.65 by the end of March 2018.

VII. THE TOTAL BUSINESS OF THE BANK

TABLE 2: TOTAL BUSINESS AND NET PROFIT IN POST MERGER PERIOD

Year	Total Business(in thousands)	Net Profit(in Thousands)
2013	139366536	1526771
2014	142391265	1528543
2015	153817040	1549976
2016	169011855	1012350
2017	194628475	1020040
2018	220501333	1020040
Mean	169952751	1306284.746
S.D	32001403.1	259623.6221
CAGR	7.95%	-3.95%

Sources: Complied reports of Sarva Haryana Gramin Banks

The total business of the bank estimated as the sum of aggregate deposits and aggregate advances. The total business of SHGB in absolute figure expanded from Rs. 139366536 crores to Rs. 22050133 Crores in 2018. Mean value of total business is increased and mean value of net profit is decreased.

VIII. CONCLUSION

Regional Gramin Banks (RGBs) as akin to any other commercial banks in the country activate the deposits of people and as business institution they utilize deposit in providing credit to needy people in rural and backward areas and thereby try to earn certain profit for their survival. The study suggests that the policies adopted by RRBs in wake of financial sectors reforms contributed immensely to strengthen their contribution in rural development. Net profit of the bank is decreased. The computed annual growth rate of net profit is negative because of non performing assests. It should be improved by giving emphasized on total business management.

1st International Conference on Multidisciplinary Research (ICMR-2018)



NIILM University, Kaithal, Haryana, (India)



4th-5th August 2018

www.conferenceworld.in

ISBN:978-93-87793-38-5

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