



## Performance of Krishna Grameena Bank

### KEYWORDS

**Prof. HEMANTHKUMAR S. KOLHAPUR**

Associate Professor & H.O.D., Department  
of Commerce, N.V. DEGREE COLLEGE,  
GULBARGA-585103.

**Dr. GIRAM S. J.**

Research Guide and HOD, Vaidhyanath College,  
Parli(V), Dist. Beed, Maharashtra.

### Introduction:

The Krishna Grameena Bank, a subsidiary of the State Bank of India (SBI), has been adjudged as the third best rural bank in the country in the overall performance among the 16 rural banks sponsored by SBI. Among the 16 rural banks sponsored by the SBI, Utkal Grameena Bank was adjudged the best, followed by Lagpi Dehangi Rural Bank located in Assam. Krishna Grameena Bank secured the third spot in the overall performance. Last year, Krishna Grameena Bank had secured fourth place in the overall performance. (The Hindu, National Daily Newspaper, 8<sup>th</sup> January 2008).

The Regional Rural Banks in India in general and Karnataka in particular have had a long standing of nearly more than thirty years. The main objective of these institutions has been to promote the agrarian sector. But as the time passed by, they were made to accept the functions of sponsor Bank. Further due to great inputs given to rural development, especially after 1991 new economic policy, banking reforms and adhering to the goal of globalization, the RRBs have been entrusted with the task financing rural industries, weaker sections and people below the poverty line in course of time due to proximity of branch locations with Commercial Nationalized Banks.

The Krishna Grameena Bank (KGB) is an important Regional Rural Bank (RRB) providing institutional credit to agricultural sector. This RRB is considered for restructuring in Karnataka in the light of financial reforms in all sectors with special

emphasis to the agriculture. Hence, KGB was selected in the present study with an overall objective of evaluating the bank's performance by identifying different parameters of financial indicators. The analysis is done for the period of one decade from the financial year 2001-02 to 2010-11.

The operational area of the Krishna Grameena Bank is the districts of Gulbarga, Yadgir and Bidar in Karnataka. It has been established on 1<sup>st</sup> December 1978 under the RRBs Act of 1976, the Bank has completed 35 years of its meaningful service to the

people of the region. It is striving hard to achieve its set objectives in its area of operation. The bank has now extended its coverage to all the Urban and Semi-Urban centers in all the three districts. The Bank enjoys the popularity as the "People's Bank" in the area. The bank has an authorized share capital of Rs.50,000/- thousands and an issued and paid-up capital of Rs.10,000/- thousands contributed by the three share holders, Viz., Government of

India (50%), sponsor Bank, State Bank of India (35%) and Government of Karnataka (15%).

### Share Capital Deposit:

During the financial year 1997-98 the Bank was taken up for restructuring and a sum of Rs.251800/- thousands was sanctioned to cleanse the Balance Sheet. Accordingly, an aggregate sum of Rs.187577/- thousands has been received from all the three shareholders proportionately. As on 31-03-2011, the position of Share Capital Deposit is Government of India has sanctioned Rs.93788/- thousands, Government of Karnataka has given Rs.28137/- thousands and sponsor Bank, State Bank of India sanctioned Rs.65652/- thousands aggregating to Rs.187577/- thousands.

### Deposits:

The Bank has achieved a growth of Rs.1926492/- thousands during the financial year 2010-11. During this year KGB has received Rs.6396197/- Demand Deposits and Rs.6472555/- Time Deposits. The growth in Deposits during the year was a 17.60%. The percentage of Demand Deposit has gone up marginally during the year.

### Borrowings:

Borrowings from NABARD and sponsor Bank are the major sources of funds for the Bank besides Deposits. The amount of Rs.1559560/- thousands borrowed from NABARD and Rs.4850000/- thousands borrowed from the State Bank of India during the financial year 2010-11. The bank continued to make prompt repayments to NABARD and the sponsor Bank.

### Loans and Advances:

The Krishna Grameena Bank has recorded a growth of Rs.776100/- thousands during the financial year 2010-11 as against Rs.1889500/- thousands achieved during the previous year 2009-10. During the year 2010-11 the Bank has disbursed Rs.5651440/- thousands as against ACP target of Rs.6242058/-

Loans were disbursed to both priority and non-priority sectors. The data of the ten years from 2001-02 to 2010-11 financial years shows that the priority sector continued to get lion's share of bank's advances. During the 2010-11 financial year priority sector has a share of 90.30% where as non-priority sector has a share of 9.70%. 11354 new farmers were issued loans, the amount of which is Rs.450750/-

The performance of the Bank can clearly be analyzed with the help of below table. 1.1

The table 1.1 shows that none of the 139 branches of the Bank in Gulbarga, Yadgir and Bidar districts was a loss-making branch. Business of the each bank goes on increasing year by year during the decade from 441 lakhs in 2001-02 to 2093 lakhs in 2010-11. Deposits and Advances of the Bank during this period have also increased considerably from 23004 lakhs and 21069 lakhs in 2001-02 to 128688 lakhs and 122475 lakhs in 2010-11 respectively.

**Conclusion:**

With the help of the table 1.1 we can clearly mention that the Krishna Grameena Bank's performance is on the proper lines. It has achieved all its targets and fulfilling the needs of the farmers, weaker sections and several categories of the groups of the region. It is felt that, still there is a room

for improvement in providing service to the customers and more stress should be given to reduce the NPA outstanding.

The bank has provided credit links to 15,075 self-help groups and has lent around Rs.110 crore to these groups. It has issued loans of Rs.1689200/- thousands to the weaker sections as on 31<sup>st</sup> March 2011. Krishna Grameena Bank has issued Kisan Credit Cards under the brand name 'Krishna Krishi Card' to all eligible borrowers. 188990 eligible borrowers have been provided the Personal Accident Insurance Cover. Apart from this the Bank has also issued 5189 Swarojgar Credit Cards (SSCs) aggregating credit limit of Rs.623 lakhs during the year 2010-11.

**REFERENCE**

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