

ANALYSIS OF THE CREDIT DISBURSEMENT OF THE RRB OF HARYANA

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ABSTRACT

Regional Rural Banks are scheduled commercial banks. RRBs aims to serve as a framework for developing the Rural economy by issuing credit, primarily for expanding trade, commerce, and various other productive activities in rural zones. This research provides the data regarding the Credit Disbursement of RRB of Haryana of five years which consists total outstanding loan and advances and total loan and advances disbursement of Priority and Non priority sectors.

Keywords: Credit, Haryana, Performance, RRBs

INTRODUCTION

Regional Rural Banks (RRBs) are scheduled commercial banks .In earlier times, there were only 6 RRBs in December 1975, with 17 branch networks covering 12 districts. RRBs have increased over time, and many new branches have been established, particularly in unbanked areas. The government of India introduced the consolidation process of RRBs by amalgamating RRBs having the same sponsor bank within the state on September 12, 2005. This process work was continued till March 2007. Due to further amalgamation in 2019 number of RRBs was 53 working in 683 districts. As on March 31, 2021, the total RRB was 43, with a network of 21856 branches covering 699 Districts. RRBs aims to serve as a framework for developing the Rural economy by issuing credit, primarily for expanding trade, commerce, and various other productive activities in rural zones. The beneficiaries of these facilities are the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. In Haryana there in one RRB exist that is Sarva Haryana Gramin bank which came into existence in 2013.

REVIEW OF LITERATURE

Reddy (2006) analyzed the productivity and balanced efficiency related to RRBs. During liberalization, it revealed that the value of factor productivity was more significant in profit than service supply. This study concluded that the entry of new banks in the case of depressed areas helped to increase the effectiveness and performance of Rural Banks in these regions.

Khankhoje and Sathye (2008) evaluated the efficiency of RRBs in India and studied the performance of RRBs after the merger. In this study, non-parametric tests and ANOVA were applied. Some variables, such as revenue and expenditures based on input and output, were used to arrive at the outcome and revealed that the overall progress of RRBs was enhanced after the merger. It was suggested that government should carry on with this plan of restructuring of RRBs.

Ibharim (2010) analyzed the performance of RRBs in India throughout pre and post-merger periods with the help of frameworks such as manpower distribution, numbers of RRBs, capital funds, loans, and deposits. This study found that after amalgamating the geographical area of branches, the cash deposit ratio, total deposits, loans, and investment increased, but the number of RRBs and bank staff decreased. During the post-merger period, the overall performance of RRBs was upgraded. This study reveals a massive gap between the credit deposit ratio of Regional Rural Banks and Commercial Banks in India.

Aparna (2011) evaluated the effect of amalgamation on the Deccan Grameena Bank. This study was done in Andhra Pradesh and covered 2005 to 2009. The objective of this research was to analyze the attainment of Deccan Grameena Bank after amalgamation. This analysis discovered that the bank's overall profitability situation has improved. The non-performing asset to total advance ratio was decreased, the ratio of the operational cost was reduced, and the net margin value was increased. This research suggested that government should take some corrective steps for another phase of reorganization of RRBs.

OBJECTIVE OF THE STUDY

To evaluate the overall performance of credit disbursement of the RRB of Haryana.

RESEARCH METHODOLOGY

The present research is descriptive in nature. In this research data was gathered through secondary sources that are annual report of RRB of Haryana and NABARD. This study covered the time of 5 years from 2016-17 to 2020-2021. This research provides the data regarding the Credit Disbursement of RRB of Haryana which consists total outstanding loan and advances and Total loan and advances disbursement of Priority and Non priority sectors.

ANALYSIS AND INTERPRETATION

Credit Disbursement of RRB of Haryana

Credit disbursement is the allocation or disbursement of funds by the bank to the person applying for it. For the study, this Credit has been studied in two sections; which are as follows:

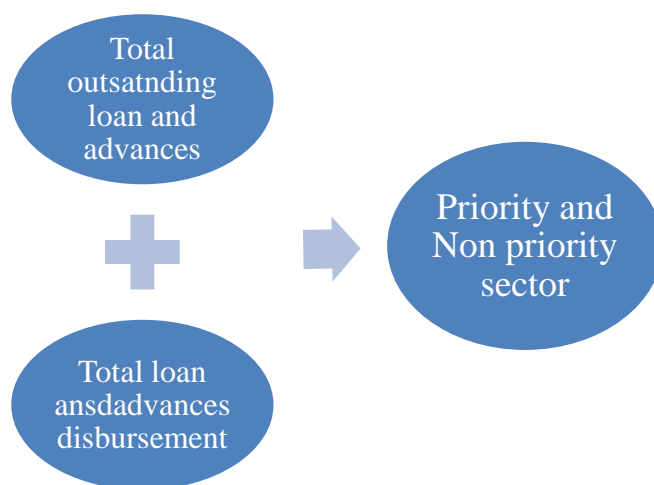


Figure 1: Credit Disbursement

1. Outstanding Loan & Advances

Outstanding Loan & advances refers to the amount which has been disbursed to the applicant by the bank at a specific rate of interest for repayment after a certain period. Until the completion of that time, such an amount stands as outstanding in the bank's financial statements.

2. Total Loan Disbursement:

Disbursement is the amount that the bank provides to the applicant according to his requirement and the bank’s procedure, or disbursement is the first stage of outstanding loans & advances. An amount is first disbursed, and then it becomes outstanding.

➤ Outstanding Loan & Advances of Priority Sector of RRB of Haryana

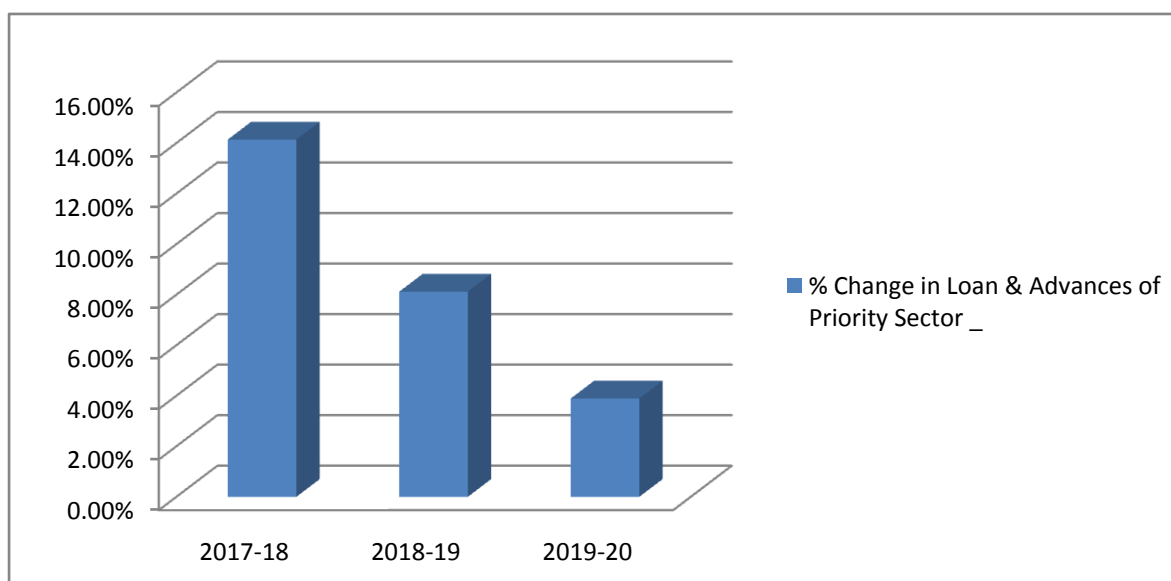
Table 1 showed that the outstanding Loans to priority sectors were constantly increasing at a balanced rate of growth starting from Rs. 7001.19 Crores in 2016-17. The bank continued its speed and reached to level of Rs. 9274 Crores in 2020-21.

Table 1: Outstanding Loan & Advances of Priority Sector of RRB of Haryana (in crores)

Year	Priority Sector	% Change in Loan & Advances of Priority Sector
2016-17	7001.19	—
2017-18	7991.24	14.14%
2018-19	8639.79	8.12%
2019-20	8976.19	3.89%
2020-21	9274.49	3.32%

Source: Compiled from Annual Reports of RRB of Haryana from 2016-17 to 2020-21

Figure 2: Outstanding Loan & Advances of Priority Sector



➤ **Outstanding Loan & Advances of Non Priority Sector of RRB of Haryana**

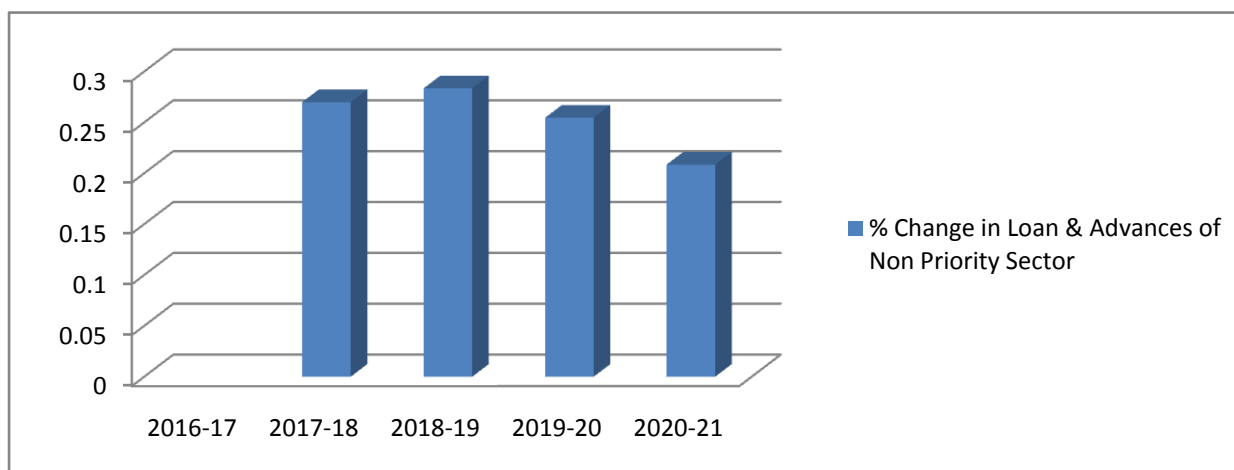
Table 2 highlighted that the Outstanding Loan & advances to Non-Priority Sectors increased in these 5 years from Rs. 571.12crores in 2013-14 to Rs.1411 crores in 2020-21.

Table 2: Outstanding Loan & Advances of Non Priority Sector of RRB of Haryana (in crores)

Year	Non Priority Sector	% Change in Loan & Advances of Non Priority Sector
2016-17	571.12	–
2017-18	725.25	26.99%
2018-19	930.86	28.35%
2019-20	1167.84	25.46%
2020-21	1411.34	20.85%

Source: Compiled from Annual Reports of RRB of Haryana from 2016-17 to 2020-21

Figure 3: Outstanding Loan & Advances of Non Priority Sector



➤ **Disbursed Loan & Advances of Priority Sector of RRB of Haryana**

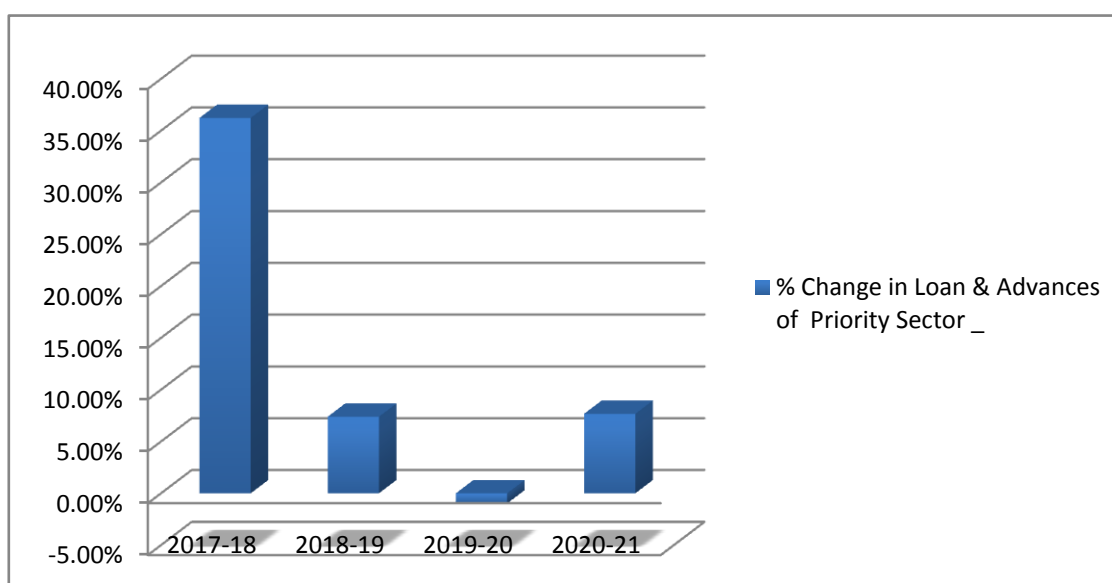
Table 3 reveals the disbursed loan & advances to the priority sector were very continuously increasing from Rs. 5945.2 crores in 2016-17 to Rs. 9272.73 crores in 2020-2021.

Table 3: Disbursed Loan & Advances of Priority Sector of RRB of Haryana (in crores)

Year	Priority Sector	% Change in Loan & Advances of Priority Sector
2016-17	5945.2	–
2017-18	8099.02	36.23%
2018-19	8697.9	7.39%
2019-20	8612.35	-0.98%
2020-21	9272.73	7.67%

Source: Compiled from Annual Reports of RRB of Haryana from 2016-17 to 2020-21

Figure 4: Disbursed Loan & Advances of Priority Sector of RRB of Haryana (in crores)



➤ **Disbursed Loan & Advances of Non Priority Sector of RRB of Haryana**

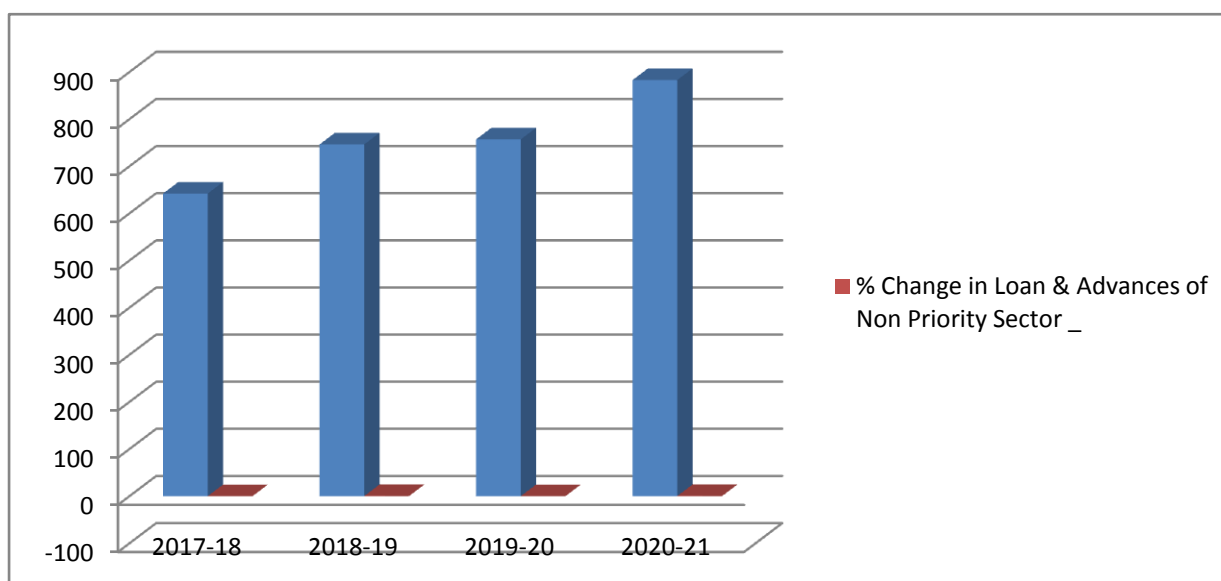
Table 4 stated that the disbursed loan & advances of the non-priority sector was rose to Rs.882.88 crores in 2020-21 from Rs. 737.67 crores in 2016-17.

Table 4: Disbursed Loan & Advances of Non Priority Sector of RRB of Haryana (in crores)

Year	Non Priority Sector	% Change in Loan & Advances of Non Priority Sector
2016-17	737.67	–
2017-18	642.02	-12.97%
2018-19	746.26	16.24%
2019-20	756.94	1.43%
2020-21	882.88	16.64%

Source: Compiled from Annual Reports of RRB of Haryana from 2016-17 to 2020-21

Figure 5: Disbursed Loan & Advances of Non Priority Sector of RRB of Haryana (in crores)



CONCLUSION

The findings of this study showed that the loan disbursements to priority and non-priority sectors have gone up from 2016-17 to 2020-2021. This indicated that the bank had sufficient funds to lend to their consumers. On the other hand, outstanding loans and advances to both priority and non-priority industries have climbed. According to the researcher, banks should collect their outstanding amounts as quickly as possible to ensure it avoid becoming NPAs.

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