

# PERFORMANCE APPRAISAL OF KASHI GOMTI SAMYUT GRAMIN BANK WITH SPECIAL REFERENCE TO EASTERN U.P.

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## ABSTRACT

*Kashi Gomti Samyut Gramin Bank is a rural bank of Eastern UP. Rural Bank is a local level banking organizations which operates in different states of India. RRBs had been constituted with a view to serve basic banking and financial services in the rural areas. It mobilizes financial resources from rural / semi-urban areas and provides loans and advances primarily to small and marginal farmers, agricultural labourers, and rural artisans. It is also worked as variety of different functions as an agent like carrying out government operations related to disbursement of wages of MGNREGA workers, distribution of pensions, locker facilities, debit and credit cards facilities etc. Uttar Pradesh is the most populous state in the Republic of India as well as the most populous country subdivision in the world. It covers 243,290 square kilometers (93,933 sq mi), equal to 6.88% of the total areas of India, and is the fourth largest Indian state by area and the third largest Indian state by economy, with a GDP of ₹9,763 billion (US\$150 billion). Agriculture and service industries are the largest parts of the state's economy. More than 60 percent population's livelihood is based on agriculture. Due to non availability of banking facilities, they could not maintain qualities and quantities of food grains production; adaptation of new technology and also compensation of natural calamities losses. KGSG bank established in UP's main rural bank to solve the problems of rural. This study has been attempted an appraisal of the performance of KGSG bank in esteem of Period-wise Deposit and Advance Growth, Analysis of Income, Analysis of Expenditure and Analysis of Profitability etc.*

**Key words :** Regional Rural Banks, Key Performance Indicators, Growth Rate & Rural Economy.

## INTRODUCTION

Mrs. Indira Gandhi brought an ordinance on 2nd October 1975 to set up the Regional Rural Banks in India with an object to accelerate the rural economy, aiming to upliftment the poor, neglected and downtrodden people by channelizing the flow of credit in rural areas. The RRBs ordinance was constituted on 2nd Oct 1975; later on it became the RRBs Act in 1976. Every nationalized bank actively participated to form RRBs in different states.

Union Bank of India sponsored 4 RRBs out of 3 were established in U.P. viz. Kashi Gramin Bank, Gomti Gramin Bank and Samyut Kshetriya Gramin Bank. Samyut Kshetriya Gramin Bank was the first sponsoring bank in UP by UBI on 6th Jan 1976. It covered 4 districts (Azamgarh, Mau, Ghazipur and Ambedkar Nagar); Gomti Gramin Bank was established on 30th March 1981 with its head office at Jaunpur. At last Kashi Gramin Bank was established on 28th July 1981 with its H.O. at Varanasi with a view to cater the needs of rural and downtrodden people of Kashi. A new

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bridge of a financial reform in India to work under banking industry was witnessing consolidation. In this process government of India started Merger and Acquisition of RRBs. Accordingly, the Kashi Gramin Bank, Gomti Gramin Bank and Samyut Kshetriya Gramin Bank were merged by Government of India under the notification of NO-1264 (E) on 12th Sept. 2005. After merger of three Banks a new Bank emerged namely of Kashi Gomti Samyut Gramin Bank.

The total business of KGSG Bank was Rs. 903964.86 lakh as on march 31, 2014, showing an increase of 11.81% over previous year. Similarly, the total deposit and the total advance of KGSG Bank was remained at Rs. 692989.16 lakh and Rs.210977.12 lakh as on 31st march 2014, showing an increase of 10.67% and 15.68% respectively over their previous year. The net profit KGSG Bank in 2013-14, was Rs. 4905.81 lakh and owned funds were stood at 57190.81 lakh in 2012-13 and went up to Rs. 63371.15 lakh in 2014, showing an increase of 10.81% over previous year. The total network of 414 (All CBS) branches spread over 08 districts. The Business per branch increased to Rs. 2183.49 lakh as compared to Rs. 2016.38 lakh in March 2013 and Rs.1816.63 lakh in March 2012. The business per employee was stood at Rs.448.17 lakh in 2013-14.

## REVIEW OF LITERATURE

- (1) H.K. Pandey has made a study on agricultural advances made by the Lead Bank in Kashi Vidyapith block of Varanasi district, Uttar Pradesh, in the year 1971-72. The study shows that the small, medium and large farmers comprised 40.00, 33.33 and 26.67 per cent of the total selected farmers respectively. Against these, the respective shares of each size of holding in the total loans advanced were 21.08, 32.60 and 43.32 per cent which indicate that the large size cultivators enjoyed larger share of the total loans advanced, than the medium and small farmers.
- (2) G.S. Lavenia and others a case study in Ghazipur district of U.P. also indicates that

although 21.53 percent of the total sample borrowers (65) were small farmers, they accounted for hardly 4.00 percent of the total banks loans, whereas large farmers who were 41.54 percent of the total number of sample borrowers accounted for a little more than 83.00 percent of the total bank loans. This confirms the generally held hypothesis that the loans mostly go to the "haves" and "have-notes" are deprived of the benefits. The study also shows that all the institutional agencies are biased towards large farmers. This is quite obvious because of their asset-oriented lending policies rather than emphasis on credit worthiness.

- (3) A study conducted by D. Kumar and A.S. Kahlon in Ludhiana district reveals that the average amount borrowed by large farmers from institutional sources was significantly higher than that of small and medium farmers. It was Rs.2681, Rs.4584 and Rs.17844 for small, medium and large farmers respectively. Similarly, the average amount borrowed per acre from institutional agencies was the highest for large farmers (Rs.670) followed by small (Rs.619) and medium farmers (Rs. 446).

## OBJECTIVES

- (1) To study income earning capacity of KGSG Bank during the various financial years.
- (2) To study the expenditure incurred by KGSG Bank during the various financial years.

## IMPORTANCE OF STUDY

According to Planning Commission and GOI, in U.P. the new poverty line is Rs. 435.14 (rural) and Rs.532.12 (urban) in 2011-12 and which was Rs.767.70 (rural) & Rs.940.90 (urban) in the year 2004-05. It is satisfactory changes seemed within 6 years, 40.9 % of U.P.'s population (42.7 per cent rural, 34.1 per cent urban) was found below the poverty line in 2004-05 whereas 29.9 % of U.P.'s population (30.4 % rural, 26.1 % urban) was found below the poverty line in 2011-12. It indicates that the state is responding to the

initiatives for reduction in poverty which needs to be intensified further. In the state poverty ranking 2011-12, U.P. was on 7th position in rural poverty and on 3rd position in urban poverty and in same poverty ranking 2004-05 it was on 8th position in rural poverty and on 5th position in urban ranking. This rank difference is not showing a satisfactory result as much as it should be. However, the poverty ratio declined from 40.9 per cent in 2004-05 to 29.4 per cent in 2011-12. To reduce the poverty as much as possible the KGSG Bank was established on 12th Sept. 2005. In 2007, the KGSG Bank was having 336 branches and till 2014 it became 414 for betterment and improvement of rural people standard.

#### VARIOUS ANALYSIS OF KGSG BANK

**Table 1.01**  
**Period-wise Deposit and Advance Growth of KGSG Bank**

(Rs. in lakh)

Year	Amount of Deposit	Growth Rate of Deposit	Amount of Advance	Growth Rate of Advance
2005-06	242982.82	-	77246.38	-
2006-07	266684.35	9.75	84327.70	9.17
2007-08	305860.07	14.69	94333.71	11.87
2008-09	350247.04	14.51	105048.00	11.36
2009-10	407003.75	16.20	116447.06	10.85
2010-11	458690.26	12.70	131131.19	12.61
2011-12	527877.50	15.08	153359.91	16.95
2012-13	626191.45	18.62	182377.15	18.92
2013-14	692989.16	10.67	210977.12	15.68
Average	-	14.03	-	13.43

Source: Annual Reports of KGSG Bank

#### ANALYSIS OF DEPOSIT

Table 1.01 shows that the amount of deposit collected by the Kashi Gomti Samyut Gramin Bank over a period of nine years. The deposit amount in 2005-06 was Rs.242982.82 lakh and went up to Rs. 692989.16 lakh in 2013-14, showing an increase of 185.20%, during the study

#### RESEARCH METHODOLOGY

The present study is diagnostic and exploratory in nature and based of secondary data. The secondary data have been collected mainly through the annual reports, Banking statistics, quarterly journals published by Reserve Bank of India, National Bank for Agricultural and Rural Development (NABARD), Yojana, Economy at a glance, other published and unpublished information. For analysis of the data, various statistical tools used like averages, percentages, accounting ratios and trend analysis with the help of SPSS Software. The period of the study is 8 years which are from 2005-06 to the year 2013-14.

period. However from 2005-06 to 2013-14, the trend of deposit growth has been showing a growth rate more than 10% with exception in the year 2006-07 in which a positive growth rate of 9.75% has been noticed. Highest growth rate of deposit 18.62% has been seen in the year 2012-13 and lowest 9.75% noticed in 2006-07.

### ANALYSIS OF ADVANCES

Table 1.01 shows the amount of financial assistance disbursed and outstanding by the Kashi Gomti Samyut Gramin Bank during the study period. The total advance outstanding in the year 2005-06 was Rs.77246.38 lakh and went up to Rs. 210977.12 lakh in 2013-14, showing an increase of 173.12% during the study period. The average growth rate of advance during the total period remained at 13.43%. Highest growth rate of 18.92% of advance amount has been noticed in 2012-13 and lowest 9.17% of growth rate was recorded in the year 2006-07. From the above analysis it has been revealed that position of advance during the later part of study period is following the increasing trend which is a good sign for both banker and customers of KGSG Bank.

### ANALYSIS OF INCOME

**Table- 1.02**  
**Analysis of Income**

(Amount in Lakh)

Financial year	Income	Growth %
2005-06	18996.19	-
2006-07	22,609.85	19.02
2007-08	25,265.38	11.74
2008-09	30,365.61	20.18
2009-10	33,755.84	11.16
2010-11	34647.26	2.60
2011-12	44689.06	28.98
2012-13	51590.07	15.44
2013-14	60764.43	17.78
Average	-	15.08

*Source: Annual Reports of KGSG Bank*

It has been seen from the table 1.02 that in 2005-06, the total income of KGSG Bank was Rs.18996.19 lakh and went up to Rs. 60764.43 lakh in 2013-14, showing an increase of 219.88% during the study period. The average growth percentage of income was remained at 15.08%.

Highest 28.98% growth rate of income has been noticed in 2011-12, and lowest 2.60% was recorded in 2010-11. From above analysis it has been revealed that total income of KGSG Bank in different financial years are increasing continuously year after year which is a good sign for Bank. It is due to the effective and efficient utilization of available resources KGSG Bank has been able to earn a permanent and steady income through the study period.

### ANALYSIS OF EXPENDITURE

**Table- 1.03**

#### Analysis of Expenditure

(Amount in lakh)

Financial year	Expenditure	Growth %
2005-06	16807.01	-
2006-07	19874.26	18.24
2007-08	22070.86	11.05
2008-09	26015.98	17.86
2009-10	29746.31	14.33
2010-11	33511.15	12.65
2011-12	44015.04	31.34
2012-13	47394.78	7.68
2013-14	55858.62	17.86
Average	-	16.38

*Source: Annual Reports of KGSG Bank*

It has been observed from table 1.03 that in 2005-06, the total expenditure of KGSG Bank was Rs.16807.01 lakh, went up to Rs. 55858.62 lakh in 2013-14, showing an increase of 232.35% during the study period. The average growth percentage of expenditure was remained at 16.38%. Highest 31.34% growth rate of expenditure has been noticed in 2011-12, and lowest 7.68% was recorded in 2012-13. It has been revealed from above analysis that the expenditure incurred by KGSG Bank is continuously increasing year after year. The increase in expenditure was mainly due to expansion of new branch network, miss

utilization of available resources, lack of policies and programmes launched by sponsored Bank and RBI etc.

## ANALYSIS OF SALARY EXPENDITURE

**Table- 1.04**  
**Salary Expenditure**

(Amount in lakh)

Financial year	Salary Expenditure	Growth %
2005-06	4457.04	-
2006-07	5186.52	16.36
2007-08	4962.52	-4.31
2008-09	5636.19	13.57
2009-10	6411.58	13.75
2010-11	9748.21	52.04
2011-12	9285.47	-4.74
2012-13	9817.42	5.73
2013-14	10883.25	10.85
Average	-	12.91

Source: Annual Reports of KGSG Bank

## ANALYSIS OF PROFITABILITY

**Table 1.05 : Analysis of profitability**

(Amount in lakh)

Financial Year	Accumulated profit	Growth %
2006-07	22122.49	-
2007-08	25317.01	14.44
2008-09	29666.64	17.18
2009-10	33676.16	13.52
2010-11	34812.27	3.37
2011-12	35486.29	1.94
2012-13	39681.58	11.82
2013-14	44587.39	12.36
Average	-	10.66

Source: annual reports of KGSG Bank

It has been observed from table 1.04 that in 2005-06, the total salary expenditure of KGSG Bank was Rs.4457.04 lakh and it went up to Rs.10883.25 lakh in 2013-14, showing an increase of 144.18% during the study period. The total average growth in salary expenditure was stood at 12.91%. Highest 52.04% growth rate of salary expenditure has been marked in 2010-11 and lowest (-) 4.31% was recorded in 2007-08. From above analysis it has been revealed that increase in salary expenditure was due to retrenchment, recruitment, and technological advancement etc.

It has been seen from the table 1.05, in 2006-07 accumulated profit of KGSG Bank was stood at Rs. 22122.00 lakh went up to Rs. 44587.39 lakh in 2013-14, showing an increase of 101.55% during the study period. Highest growth percentage of accumulated profit 17.18% has been noticed in 2008-09, and lowest 1.94% was recorded in 2011-12, and the overall average growth percentage in profit of KGSG Bank during the study period was remained at 10.66%. From the above analysis it has been revealed that profit of KGSG Bank has improved gradually which shows that KGSG Bank had performed the job very effectively and in an efficient manner to get favorable result.

## CONCLUSION

Depending on the context and applications, the term 'performance' may have different connotations. In the present study, the performance of KGSG Banks, an attempt has been made to analyze the performance in terms of Period-wise Deposit and Advance Growth, Analysis of Income, Analysis of Expenditure, Salary Expenditure and Analysis of profitability. The performance of KGSG Bank is better than other working RRBs in Eastern UP. KGSG Bank has been expanding branches over 8 years of period of study for the better performance. During post-merger period, KGSG Bank has been increased number of working districts. Total capital funds have been increased tremendously after amalgamation took place in the year 2005-06. The main objective of KGSG Bank is to solve the problem of rural credit, upliftment the rural

people standard and channelizing the flows of credit in rural area mainly for neglected and down trodden peoples of Eastern UP. By the end of 2013, KGSG Bank was having a total business of 8,085.68 crore with a 6,261.91.90 crore of deposits and 1,823.77 crore of advances with CD ratio of 29.12% and the net profit was Rs.41.95 crore. The bank also achieved the landmark of converting its 100 % branches on Core Banking Platform. This was a historical event in banking industry when a RRB had achieved such a technical up gradation of its services in short time. KGSG Bank had been awarded the best rural bank for its excellent performance in financial year 2013-14.

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