

Deposits, Advances and Recovery Analysis of Telangana Grameena Bank

Durdana Begum¹, Prof. Badiuddin Ahmed²

¹Research Scholar, Management, PP. MAN. 289,
Rayalaseema University,
Kurnool, India

²Professor & Head Department of Commerce, MANUU,
Hyderabad, India

Abstract

Banks play an important role in mobilization and allocation of resources in any country. Regional Rural Banks (RRBs) play a significant role in the development of rural areas in India by providing needed financial assistance to agriculture, trade, commerce, industry and other productive activities in the rural areas. Credit and other financial facilities are extended particularly to small and marginal farmers, agricultural laborers, artisans, and small entrepreneurs with a view to strengthening these activities in rural areas. The RRBS have more reached to the rural area of India, through their huge branch network.

Telangana Grameena Bank (TGB) is one of the rural banks in Telangana state. This paper attempts to understand the business operations like lending and recovery performance of Telangana Grameena Bank. The study is carried on with the help of ratio analysis which provides the clear cut idea about the efficiency in the Business operation of the bank.

Keywords: : Business, RRBs, Telangana Grameena Bank, Efficiency.

1. Introduction

Regional Rural Banks were established under the provisions of an Ordinance passed on 26 September 1975 and the RRB Act, 1976 to provide sufficient banking and credit facilities for agriculture and other rural sector. These were set up on the recommendations of The Narasimham Working Group during the tenure of Indira Gandhi's government with a view to include rural areas into economic mainstream. The development process of RRBs started on 2 October 1975 with the forming of the first RRB i.e the Prathama Bank. Also on 2 October 1975 five regional rural banks were set up

with a total authorized capital of 100 crores, which later increased to 500 crores.

TELANGANA GRAMEENA BANK (TGB) – OVERVIEW

The Telangana Grameena Bank – TGB (formerly known as Daccan Grameena Bank - DGB) was established on 24-03-2006 by amalgamating four RRBs sponsored by state Bank of Hyderabad, viz, Sri Saraswathi Grameena Bank, Sri Satavahana Grameena Bank, Sri Rama Grameena Bank and Golconda Grameena Bank and introducing as Deccan Grameena Bank with head quarter at Hyderabad by giving various facilities like low rate of interests and best credit facilities etc. The Deccan Grameena Bank is covering 5 Districts in Telangana State, majority of them are backward districts i.e., Adilabad, Nizamabad, Karimnagar, Rangareddy and Hyderabad (Urban). The authorized share capital of the bank is Rs. 5 corers. The paid up capital is Rs. 4 corers which is contributed by Government of India, Sponsor Bank i.e., State Bank of Hyderabad and Government of Telangana in the ratio of 50:35:15 respectively. The vision of the bank is to be the premier RRB in the state providing technologically advanced, committed and quality service in all spheres of banking and be the most trusted bank for rural development.

RESEARCH METHODOLOGY

This study is carried on for the understanding the business operation (lending and borrowing) of

Telangana Grameena Bank . Ratio analysis has been used to identify the efficiency of business operation. The period of study is for five years i.e.2011-12 to 2015-16.

RATIO ANALYSIS:

Ratio Analysis is a widely used tool of financial analysis. The term ratio refers to the numerical or quantitative relationship between two items or variables. This relationship can be expressed as percentage portion of number of fractions. The ratio analysis provides useful data to the management, which would hold them in taking important policy decision.

CREDIT - DEPOSIT (C. D. RATIO) RATIO:

Ratio between credit and deposit reveals the possibilities of utilization of available deposits in the form of credit. The higher percentage or ratio of credit deposits shows more benefits to the society through the credit mechanization in the contest of rural area or it reveals how much the rural have helped the rural development through credit. The lesser percentage of ratio of credit deposit shows its lesser benefits to the society. In the RRBs credit deposit ratio is higher than the commercial banks. This difference is there because the RRBs are based not only on deposits, but also on borrowing from their main object is to provide financial assistance in rural areas.

C.D.Ratio of TGB During the period 2011-12 to 2015-16

Yeat	Desposits	Advances	C.D.Ratio in %
2011-12	2920.67	2362.37	80.88
2012-13	3444.92	2775.46	80.57
2013-14	4155.43	3531.1	84.98
2014-15	4890.33	4162.54	85.12
2015-16	5836.95	4560.27	78.13

Source: Financial Records of TGB

The above table shows the credit and deposit performance of Telangana Grameena Bank from 2011-12 to 2015-16. It shows that the C.D ratio has increased from 80.88% in the year 2011-12

to 85.12% in the year 2014-15 but in the financial year 2015-16 it decreased to 78.13%.

RECOVERY OF LOAN AND ADVANCES OF TGB:

Recovery is an important ingredient of fund recycling and it accelerates the disbursement of loan. TGB made all possible efforts for recovering their dues. The poor recoveries of loans make the recycling of limited funds of the banks almost impossible and consequently, the profitability of the bank gets disturb.

Recovery Performance of TGB During the period 2011-12 to

Year	Demand	Collection	Overdue	Recovery in %
2011-12	10580797	8074988	2505809	76.32
2012-13	12277391	8598992	3678399	70.04
2013-14	19227298	14211307	5015991	73.91
2014-15	20041510	15329905	4711605	76.49
2015-16	24798064	22214168	2583896	89.58

2015-16

Source: Financial Records of TGB

The recovery performance of TGB shown in the above table is that the highest recovery was 89.58% by TGB in the year 2015-16 and the lowest recovery performance of 70.04% by TGB in the year 2012-13, the overall recovery performance was good during the period from 2011-12 to 2015-16.

AVERAGE OF C.D. RATIO & RECOVERY RATIO:

The average ratio of Telangana Grameena Bank regarding the credit deposit and recovery operation during the period of study are as follows:

Average of C.D. Ratio & Recovery Ratio

C.D Ratio	Recovery Ratio
81.93%	77.27%

The average credit deposit ratio of TGB during the period from 2011-12 to 2015-16 is 81.93% reveals the good performance of credit deposit operation of TGB . From the above analysis we can conclude that the overall performance of the bank regarding lending and borrowing operation is good

FINDINGS AND CONCLUSION:

- The advances of TGB were increasing trend during the period from 2011-12 to 2015-16.
- Deposits of TGB were showing an increasing trend during the period from 2011-12 to 2015-16.
- The Recovery performance of TGB were increasing during the period from 2011-12 to 2015-16.
- High C.D ratio of TGB may be a favorable feature for rural development because the banks are in a better position to provide a large amount of finance to a large number of borrowers.
- High Recovery performance of TGB may be favourable in recycling and accelerating the funds.

REFERENCES:

- [1] Sonara, C. K., Regional Rural Banks In India, Anmol Publication Pvt.Ltd.-New Delhi.
- [2] Gordan & Natrajan " Banking theory law and practice" H.P.H. Mumbai 20th edition 2006
- [3] Kothari C.R."Research Methodology" Annual Report of BGGB._ Annual Report of TGB
- [4] "Disbursement, overdoes and factors Affecting Repayment Capacity of Borrowers" Indian Journal of Agricultural Economics, Vol.43, No...3, 1988, New Delhi, p.p 433.
- [5] Credit Repayment performance of borrowers of Regional Rural Banks: A case study" Southern Economist, July 1986, New Delhi, pp.15-17. 7."Impact of Grameena Bank Intervention on the Rural power Structure "Research monograph, Bangladesh Institute of Development studies,No.61, Bangladesh,1986,pp76-79.
- [6] "Alleviation of rural poverty: Reliability of Grameena Bank Model "Grameena bank Evaluation project, Agriculture and Rural development studies, Economic and political weekly, Vol.7, November, 1987.pp2934.