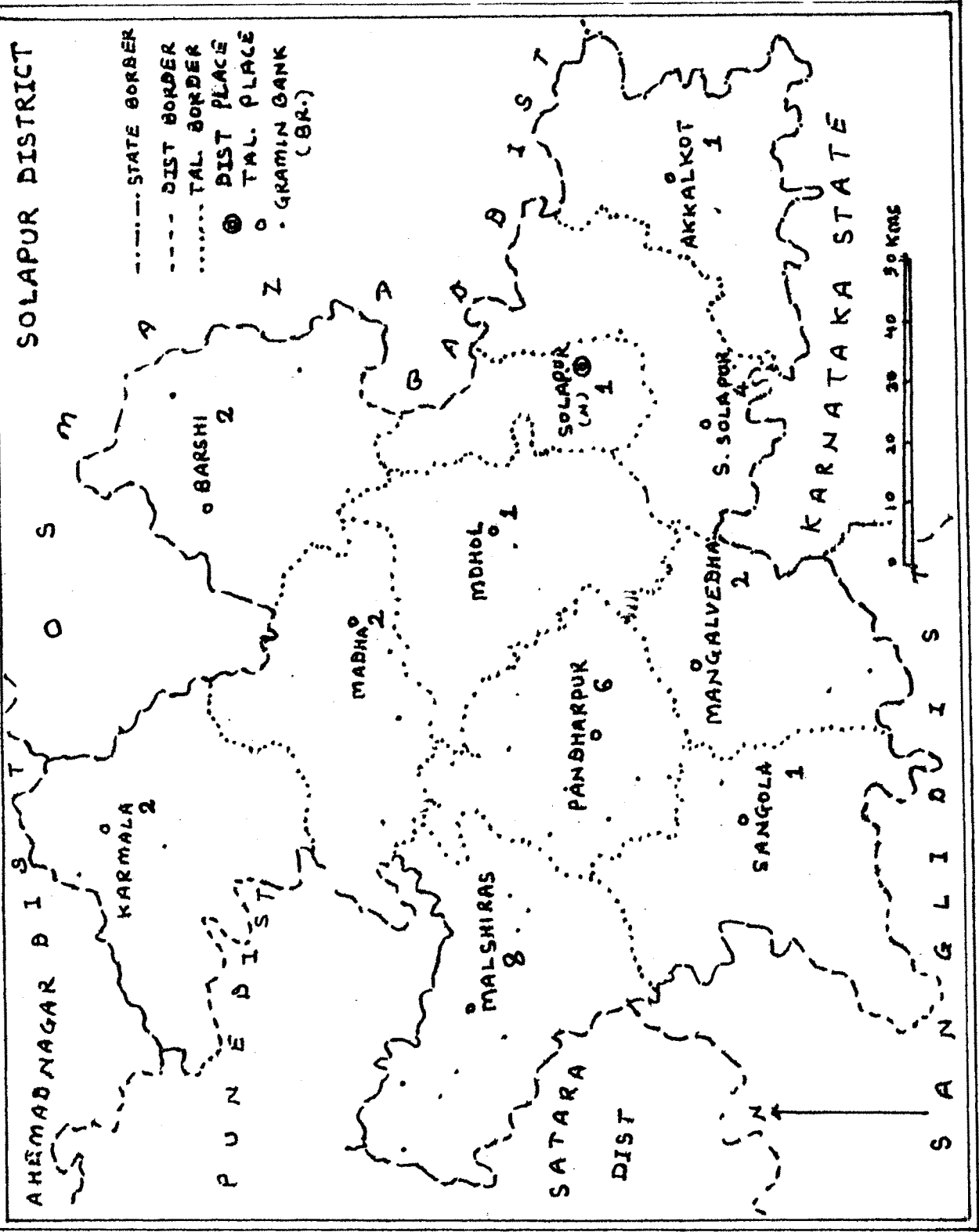


C H A P T E R - III

- 3.1 Introduction
- 3.2 Brief Profile of Solapur District
- 3.3 Establishment of RRB in the District
- 3.4 Branch Expansion
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- 3.9 Profits And Losses
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# SOLAPUR DISTRICT

- STATE BORDER
- DIST. BORDER
- ..... TAL. BORDER
- ⊙ DIST. PLACE
- TAL. PLACE
- GRAMIN BANK (BR.)



3.1 INTRODUCTION :-

In this chapter we propose to discuss the performance analysis of the regional rural bank under study. Various indicators such as branch expansion, deposit mobilisation, extension of credit etc, have been used for the purpose. In the beginning a brief profile of a Solapur district and the factors leading to the establishment of RRB in the district are discussed.

3.2 BRIEF PROFILE OF SOLAPUR DISTRICT :-

The area of operation of the Solapur Gramin Bank is confined to single district of Maharashtra i.e. Solapur. It is divided into 11 blocks having population of about 26.07 lakhs covering an area of 15021 sq.Kms. ~~is-rural-area-~~ which 414 sq.Kms is urban area and 14607 sq.Kms is rural area. The urban population of the District is 7.67 lakhs and rural population is 18.40 lakhs. The density of population per sq.Km is 173. The main crop of the District is Jawar. About 70% of the area under cultivation is under Rabi crop.

There is only one major irrigation project i.e. Ujani in the District. The work on the left and right bank canals and the distribution system of the left Bank canal is in progress. The work of the dam is completed. It is expected that the work on the canal and distribution systems would be completed within next few years. The gross command area is 1,54000 hectares approximately. There are 5 medium irrigation projects in the district with the command area of about 17,000 hectares.

The rainfall throughout the District is scanty and annual average is 577 mm. for the District. Climatically, the entire District falls in the rain shadow area.

There are a 8 Sugar factories out of which 4 are concentrated in Malshiras Tahsil and one each in North Solapur., Pandharpur, Barshi and Mohol, Tahsil.

There are 187 branches of commercial banks out of which 30 branches are of Solapur Gramin Bank. There are 77 branches of District Central Co-operative Bank and 11 branches of Land Development Bank in the District. Out of the 11 blocks in the District, 5 blocks have been classified by Reserve Bank of India as deficit as regards availability of Banking facilities.

### 3.3 ESTABLISHMENT OF RRB IN THE DISTRICT :-

There are 11 development blocks in the district. Out of which 5 blocks have been classified by Reserve Bank of India as deficit as regards availability of Banking facilities. This shows that the Solapur district is underbanked. The average population per bank (branch) is higher than national average. There is a large percentage of low income group peoples. All these factors lead to establish RRB in the district. Taking into account all these factors the NABARD had established Solapur Gramin Bank on 21<sup>st</sup> Jan. 1984.

BRANCH EXPANSION.

Sr.No.	Name of the Branch	Date of Opening.	Development Block.
1.	Solapur.	21.1.84	North Solapur.
2.	Aurad	21.8.84	Solapur.
3.	Karajgi.	24.8.84	Akkalkot.
4.	Ule.	13.9.84	South Solapur.
5.	Lamboti.	25.9.84	Mohol.
6.	Ropale.	04.10.84	Pandharpur.
7.	Nimbond.	13.11.84	Mangalwedha.
8.	Bhandishegaon.	15.11.84	Pandharpur.
9.	Salgar (BK)	28.11.84	Mangalwedha.
10.	Uplai (BK)	13.12.84	Mahda.
11.	Jawalgaon.	21.1.85	Barshi.
12.	Gadegaon.	07.2.85	Pandharpur.
13.	Maloli.	14.2.85	Mahshiras.
14.	Zare.	14.3.85	Karmala.
15.	Ningaoon.	16.3.85	Malshiras.
16.	Islamour.	16.3.85	Malshiras.
17.	Dahigaon.	16.3.85	Malshiras.
18.	Gursale.	16.3.85	Pandharpur.
19.	Raogaon.	23.3.85	Karmala.
20.	Kasegaon.	26.3.85	Pandharpur.
21.	Makjari.	26.3.85	Sangola.
22.	Bemhale.	27.3.85	Madha.
23.	Kumbhari.	30.3.85	South Solapur.
24.	Tadvale (M)	26.8.85	Barshi.
25.	Tondale.	04.9.85	Malshiras.
26.	Dhotri.	23.9.85	South Solapur.
27.	Nevare	01.11.85	Malshiras.
28.	Girvi.	20.12.85	Malshiras.
29.	Sangam.	19.12.85	Malshiras.
30.	Bhose (K)	29.3.86	Pandharpur.

TABLE NO. 3.2  
LIST OF BRANCHES.

As on Dec. 1986.

Block	Number.	Branches.
1) <u>Malshiras.</u>	8	i) Maloli ii) Nimgaon. iii) Islampur. iv) Dahigaon. v) Tondle Bondle. vi) Girvi. vii) Nevare. viii) Sangam.
2) <u>Pandharpur.</u>	6	i) Ropale. ii) Bhandishegaon. iii) Gadegaon. iv) Gursale. v) Kasegaon. vi) Bhose (Karkamb)
3) <u>South Solapur.</u>	4	i) <del>Aurad</del> Aurad. ii) Ule. iii) Kambhari. iv) Dhotri.
4) <u>Karmala.</u>	2	i) Raogaon. ii) Zare.
5) <u>Mangalwedha.</u>	2	i) Nimbni. -Salgar-(BK) ii) Salgar (BK)
6) <u>Madha.</u>	2	i) Uplai (BK) ii) Bemble.
7) <u>Barshi</u>	2	i) Jawalgaon. ii) Tadvale (M)
8) Akkalkot.	1	i) Karajgi.
9) <u>Mohol.</u>	1	i) Lamboti.
10) <u>Sangola.</u>	1	i) Manjari.
11) <u>North Solapur.</u>	1	i) Solapur.

Source - Same as Table No. 3.1

3.4 :-

BRANCH EXPANSION :-

The Solapur Gramin Bank was established on 21<sup>st</sup> Jan. 1984. During this year bank opened 10 branches in the 7 blocks of the district. In the year 1985, the bank opened 19 more branches in the district. In the year 1986, the bank opened only one branch. Now the total number of branches is 30. The bank has also sent application for licences to open new branches at 24 centres identified by the bank. The table 3.1 shows the branch expansion of the bank during Jan. 1984 to March 1986.

The table 3.2 shows the blockwise number of branches in the district.

It can be seen from the above table that, RRB has been successful in opening branches in such blocks of Solapur district which were unbanked upto the establishment of RRB.

3.5 :- DEPOSIT MOBILISATION :-TABLE NO.:- 3.3Deposit Mobilisation.

(Rs. in lakhs.)

Type of Account.	1984		1985		1986	
	No. of Accounts	Amount Rs.	No. of Accounts	Amount Rs.	No. of Accounts	Amount Rs.
1) Saving	3119	15.08	13543	78.81	20012	118.98
2) Current.	4	.48	17	2.80	50	7.37
3) Time.	256	3.89	1570	35.62	2442	92.70
<b>Total :-</b>	<b>3379</b>	<b>19.45</b>	<b>15130</b>	<b>117.23</b>	<b>22504</b>	<b>219.05</b>

Source - SGB, Annual Reports 1984, 85,86.

From the table 3.3 the bank have mobilised three types of deposits namely saving, current and time deposits. In the year 1984 the number of accounts of deposits of the bank were 3379 and the amount Rs. 19.45 lakhs. This has increased in the year 1985 to 15,130 and Rs. 117.23 lakhs respectively. In the year 1986 the number of accounts increased to 22504 and the amount mobilised was Rs. 219.05 lakhs.

It is to be noted from above table that while the saving deposits of the bank increased almost eight times, the time deposits increased by more than thirty times during 1984-86. This only proves that there was a felt need of bank branches in most of the rural areas of the district.



TABLE NO. :- 3.4

Deposit Mobilisation Performance of the Bank.

Particulars	As on 31.12.84	As on 31.12.85	As on 31.12.86
1) Number of Branches	10	29	30
2) Number of Accounts	3379	15130	22504
3) Amount (Rs.lakhs)	19.46	117.23	219.05
4) Percentage increase in deposits	-	502%	87%
5) Deposits per Branch (Rs.lakhs) (Rs. lakhs)	1.94	4.04	7.30
6) Number of Employees	43	87	99
7) Deposits per Employee (Rs. lakhs)	0.45	1.35	2.21

Sources SGB, Annual Reports 1984,85,86.

The table 3.4 shows the deposit mobilisation performance of the bank. The number of branches increased from 10 to 29 and 30 during the period 1984 to 1985 and 1986 respectively. The number of accounts increased from 3379 to 15130 and 22504 respectively in the above period. The deposits mobilised by the bank branches increased from Rs. 19.46 lakhs to Rs. 117.23 lakhs and Rs. 219.05 lakhs in the same period.

The table also shows the figures of deposits per employee and per branch. These data are more significant as they represent the realistic change and also reflect the efforts of the bank in mobilisation of deposits. The per employee deposits increased from Rs. 0.45 lakhs in 1984 to Rs.1.35 lakhs in 1985 and further to Rs. 2.21 lakhs by end of 1986. Thus there was a tremendous

Table No. 3.5

Branch wise Total Deposits as on 31<sup>st</sup> Dec.1986.

(Rs. in Lakhs.)

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Cr.No.	Branch	No. of A/cs	Amount (Rs.)
1)	Maloli	886	17.87
2)	Islampur	672	5.50
3)	Himgaon	950	12.79
4)	Dahigaon	630	9.91
5)	Tondle-Bondle	617	3.65
6)	Nevare	980	8.45
7)	Dangaon	763	6.47
8)	Girvi	1294	11.21
9)	Ropale	1249	8.13
10)	Bhandishegaon	734	4.99
11)	Gadegaon	1172	24.28
12)	Gursale	906	5.64
13)	Kasogaon	998	8.97
14)	Bhose	446	2.35
15)	Aurad	736	7.41
16)	Ule	467	5.17
17)	Kumbhari	822	7.01
18)	Dhotri	861	6.78
19)	Jevalgaon	497	1.33
20)	Tadvale (H)	677	6.36
21)	Salgar (BK)	804	4.97
22)	Nimboni	634	4.97
23)	Zare	905	10.09
24)	Raogaon	631	3.06
25)	Uplai	776	6.09
26)	Bembale	383	1.73
27)	Lamboti	372	3.51
28)	Hanjari	450	2.65
29)	Solapur	454	3.75
30)	Karajagi	737	5.78
Total :-		22,503	214.18

growth in deposits per employee. Similarly, the deposits per branch also registered a significantly higher rate of growth . From Rs. 1.94 lakhs in 1984 the deposits per branch shot up to Rs. 7.30 lakhs in 1986. These indicators alongwith the overall increase in the number of branches and the number of accounts show that we SGB has significantly contributed to the deposit mobilisation in the district. It has also to be noted that most of the branches of the SGB are located in the underdeveloped rural areas of the Solapur district.

The table 3.5 shows the data relating to the branchwise amounts of total deposits of all the branches of SGB as on 31.12.86. The table clearly indicates that the Gadegaon branch at the highest amount of deposits among all the branches of the bank. This can be attributed to the irrigated farming around the place. On the other hand the lowest amount of deposits have been with the Bembale branch, which can be attributed to the existance of other bank branches around the place.

The overall conclusion stemming from the above discussion is that the performance of the bank as a whole in the field of deposit mobilisation even in a shorter period of three years a certainly satisfactory.

TABLE NO. :- 3.6.

EXTENSION OF CREDIT.TOTAL ADVANCES.

Particulars	As on 31.12.84	As on 31.12.85	As on 31.12.86.
1) Number of branches.	10	29	30
2) Number of accounts.	54	1205	3920
3) Amount (Rs. lacs.)	1.67	44.41	167.67
4) Percentage increase in advances.	-	2559%	278%
5) Advances per branch (Rs. lacs.)	0.17	1.53	5.59
6) Advances to agricultural sector (Rs. lacs.)	0.78	28.34	135.43
7) Percentage to total advances.	46	64	81
8) Number of employee/	43	87	99
9) Advances per employee (Rs. / lacs.)	0.04	0.51	1.69

Source - SGB, Annual Reports 1984,85,86.

### 3.6 :- EXTENSION OF CREDIT :-

The data relating to financing of various activities by the SGB. have been presented in table 3.6, 3.7 and 3.8.

#### TOTAL ADVANCES.

Table 3.6 gives a consolidated picture of the total advances by the bank. It also indicates certain important details regarding the per branch and per employee advances. It can be seen from the table that the number of accounts has increased manifold during the three years under study. Similarly the total amount of ~~40~~ loans given by bank has also shown substantial growth over the years. The per ~~branch~~ branch advances figures show that such amount increased from Rs. 0.17 lakhs in 1984 to Rs. 5.59 lakhs in Nov.1986. The agricultural advances of the bank have become more prominent with the passage of time. The agricultural loans accounted for 46 % of the total loans in 1984 while the number increased to 81 % in 1986. Another indicator of the commendable progress of the bank in the field of advances per employee it is to be noted that while the advances per employee increased fro, 0.04 lakhs to Rs. 1.69 lakhs. The number of employee/also increased from 43 to 99. Thus the overall picture of extension of advances shows the progress achieved by the SGB in this particular area.

PURPOSEWISE CLASSIFICATION OF ADVANCES. :-

Table 3.7 shows the purposewise classification of the loans disbursed by the SGB. It also specifies the loans extended as a part of IRDP and loans given to other priority sectors. The total amount of advances under IRDP has significantly increased during three years. It increased from Rs. 1.30 lakhs to Rs. 29.65 lakhs during 1984-86.

The proportion of IRDP loans to the total loans has continuously declined through out the three years. In 1984, 81.25 % of the total loans were given to beneficiaries of IRDP, while in 1985 39% of the total loans belonged to IRDP. In 1986 the same proportion declined further to 21% . This is understandable and can be explained by the fact that the share of agricultural loans in the total loans increased continuously. In other words the non-agricultural loans coming under IRDP showed a declining trend between 1984-86.

BRANCHWISE ADVANCES AND OVERDUES :

The data relating to the branch wise advances of the SGB in respect of all the 30 branches alongwith the size and the proportion of overdues as on 31<sup>st</sup> Dec. 1986 have been presented in Table 3.8. The total numbers of accounts as on 31<sup>st</sup> Dec.1986 with all branches amounted to 3728 of which the largest number of accounts were with the Nimgaon branch. Similarly the total amount of loans was Rs. 167.64 lakhs of which the largest amount disbursed by a branch was that of Bhandishegaon branch. The proportion of overdues to the total advances varied from branch to branch and it ranged between 0.21 % to 25.96 %. The average proportion of overdues for the entire bank was about 3.17 %. The Javalgaon branch of the

Sr. No.	Branch	Account	Amount	Overdue Amount.	Overdue % age to total.
1)	Malolφ	126	5.39	0.23	4.27
2)	Islampur.	78	2.99	0.117	3.91
3)	Nimgaon	277	11.62	0.25	2.15
4)	Dahigaon	159	5.64	0.036	0.64
5)	Tondle-Bondle	114	6.32	0.15	2.37
6)	Nevare	82	10.23	0.005	0.05
7)	Sangam	76	2.50	0.016	0.64
8)	Girvi	86	2.96	0.017	0.64
9)	Ropale	179	7.71	0.36	4.67
10)	Bhandishegaon	252	13.12	0.34	2.59
11)	Gadegaon	127	6.31	0.14	2.21
12)	Gursale	132	9.63	0.14	1.45
13)	Kasegaon	157	8.26	0.10	1.22
14)	Bhose	101	5.08	0.05	0.82
15)	Aurad	127	4.34	0.55	12.67
16)	Ule	85	2.61	0.11	4.21
17)	Kumbhari	81	4.73	0.01	0.21
18)	Dhotri	48	1.53	0.04	2.62
19)	Javalgaon	113	3.66	0.95	25.96
20)	Tadvale (M)	88	2.67	0.08	2.99
21)	Salgar (BK)	188	6.82	0.17	2.49
22)	Nimbani	123	4.89	0.28	5.81
23)	Zare	33	1.39	0.11	7.91
24)	Raogaon	27	0.80	0.01	1.25
25)	Uplai (BK)	87	3.62	0.03	0.83
26)	Bembale	111	4.25	0.02	0.47
27)	Lamboti	136	3.80	0.27	7.11
28)	Manjari	123	5.52	0.05	0.91
29)	Solapur	236	8.96	1.11	12.39
30)	Karajgi	179	9.13	0.22	2.41
Total:-		3728	167.64	5.317	

largest proportion of overdues ~~is~~ standing at 25.96 % while the lowest proportion of overdues has been <sup>of</sup> the Kumbhari branch. However, on the whole almost 97 % of recovery should be considered as satisfactory.

Thus judging by all the three indicators discussed above, the performance of the bank in the field of extension of credit can be considered as satisfactory.



Expenditure.

(FIGURES IN RUPEES.)

Particulars	As on 31 <sup>st</sup> Dec.1984	As on 31 <sup>st</sup> Dec.1985.	As on 31 <sup>s t</sup> Dec.1986.
A) Administrative Expenditure.			
1) Salaries, Allowances and p.f.	3,36,812-36	10,79,906-43	15,11,230-23
2) Directors and Local committee members fees and allowances.	--	175-00	210-00
3) Rent, Taxes, Insurances, <u>lighting</u> etc.	50,374-00	87,420-00	1,79,198-00
4) Postage, Telegrams and stamps.	18,877-30	15,694-10	18,548-35
5) Auditors fees.	2,000-00	5,268-20	10,255-00
6) Stationary, Printing Advertisement etc.	25,855-84	74,330-94	88,625-37
Total of A	4,15,920-50	12,72,796-67	18,08,066-95
B) Other Expenditure			
1) Interest paid on deposits and borrowings etc.	20,415-99	3,34,850-42	11,66,803-49
2) Depreciation on and Repairs to the banking companies <u>property</u>	36,876-00	1,02,501-50	1,22,602-61
3) Other Expenditure.	1,10,722-94	1,89,368-69	1,91,140-97
Total of B	1,68,065-69	6,26,720-16	14,80,547-07
C) Total Expenditure.	5,83,986-19	18,99,516-83	32,88,614-02
D) Percentage of A to C	71.24	67.00	54.97
E) Percentage of B to C	28.76	33.00	45.03

### 3.7 :- ANALYSIS OF EXPENDITURE.

The figures relating to various items of expenditure obtained from the profit and loss accounts of the bank and suitably classified are given in Table No. 3.9. The items are classified between administrative expenditure and other expenditure with a view to understanding the trend of administrative expenditure in the total expenditure. The expenses on salaries, allowances and P.F. Directors and local committees fees and allowances, rent, taxes, insurance etc. postage, telegrams, and stamps, audit fees and stationary printing, advertisement etc. are considered as administrative expenditure. The table shows that out of the total expenditure the share of administrative expenditure was as high as 71.24 percent in 1984. This proportion has however declined in the subsequent years from 71.24% in 1984 to 67% in 1985 and further to 54.97 % in 1986.

This declining trend of administrative expenditure may be considered as an indication of improving financial management of the bank. Among the various items of the administrative expenditure presented in the table the proportion of expenses on salaries, allowances and P.F. has been significantly higher ranging between 79.51 % to 84.82 %.

The other than administrative expenditure shows an increasing trend not particularly the interest payments have substantially during the three years.

Thus the concluding from the table 3.9 would be that the administrative expenditure has been satisfactorily managed with each subsequent years.

3.8 INTEREST PAYMENTS AND RECEIPTS.TABLE NO. 3.10Interest payments and receipts. (Figures in Rupees.)

Particulars	1984	1985	1986
a) Interest Paid	20,415,91	3,34,850-42	11,66,803-49
b) Interest Received	2,46,661-32	6,91,528-87	18,54,245-82
c) Proportion of a to b	8.5%	48.41%	62.95%
d) Proportion of b to a	1176 %	206.56%	158.87%

Source - Same as Table No. 3.9

The figures of the interest payments and receipts are given in table No. 3.10. It can be seen that the amount of the interest payments has consistently increased both in absolute as well as relative terms. The amount of interest paid as proportion to interest received increased from 8.5% in 1984 to 48.41 % in 1985 and further 62.95 % in 1986. In absolute terms the payment increased from Rs. 20415.91 to Rs.3,34,850.42 in 1985 and further Rs. 11,66,803.49 in 1986. It can also be noted that the growth in the interest paid has been significantly higher than the growth as the interest received in all the three years. This is because the deposits increased at a faster rate than the increase in credit extended by the bank.

3.9 PROFITS AND LOSSES :

TABLE NO. 3.11  
Profits and Losses.

Particulars	1984	1985	1986
a) Profit / Loss +            -	-1,18,504-13	-11,52,768-32	-14,20,903-97
b) Percentage increase over the year	---	977.12	123.24

Source - Same as Table No. 3.9

The regional rural banks were introduced to provide professional bank management to the dormant credit co-operatives in the concerned regions as such it is not surprising that the SGB incurred heavy losses in all the three years under study. However, from the data given in table 3.11 it can be seen that the rate of rise in losses has declined during 1985-86. In absolute terms the bank incurred loss of Rs. 14.21 lakhs in 1986 as against the loss Rs. 11.53 lakhs in 1985 and the loss of Rs. 1.19 lakh in 1984. These losses are mainly owing to the staff expenses consisting of payment of dearness allowance and arrears of adhoc increases in the basic pay of the employees. The fact that the net increase in losses has declined consistently is an indication of the improved working of the bank.

3.10 :-

CONCLUSION:-

The discussion in the earlier paragraphs of this chapter help us in formulating the conclusive opinion about the performance of SGB in the district. These conclusions can be summerised as follows.

- 1) The branch expansion programme of the SGB has become successful in view of the fact that the hitherto neglected areas of the district have been provided with banking facilities of the bank.
- 2) The deposit mobilisation has become particularly significant in the rural areas where the bank has opened its branches during 1984-86.
- 3) Agriculture being the main occupation in the rural area, the bank has successfully launched its programme of extension of credit.
- 4) The administrative expenditure has consistently declined as a proportion of total expenditure.
- 5) The interest payments have increased more rapidly than the interest receipts.
- 6) The losses have been there all the three years but they are managed and being kept at the low levels.

Hence, on the whole the performances of the SGB can be considered as satisfactory and in tune with the basic objective of the RRB scheme.