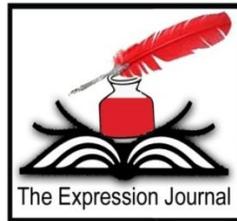


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PERCEPTIONS OF BENEFICIARIES ABOUT CREDIT DISBURSEMENT PROGRAMMES: A STUDY OF RRBS IN PUNJAB

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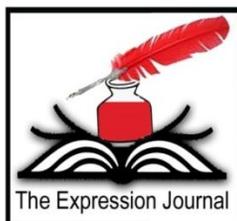
Abstract

Regional rural banks are an important source of agricultural credit in Punjab. The success of agriculture and related businesses is to a larger extent depends on the easy availability of rural credit offered by large number of financial institutions who have become an inseparable part of farming community. The agriculture credit support the farmers in adopting the modern practices of farming and thus uplifting the economic status of the farmers. The current study tried to understand the perceptions of beneficiaries of Credit disbursement programme of RRBS in Punjab in terms significant role played in the upliftment of socio-economic profile of the beneficiaries and state as a whole. It was discovered from the data analysis that RRBS are quite effective in changing the economic conditions of the beneficiaries in the state. But the work still needs to be done with regards to the problems faced by SC, ST, OBCs and other minority stakeholder of the society.

Keywords

Rrbs, Socio-Economic Profile, Credit Disbursement.

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1. Introduction:

Rural banks are established to provide financial facilities to the people living in these areas. The basic reason behind setting up of RRBs is to provide credit to the rural economy for the purpose agriculture, commerce, industry and other productive activities in the rural areas. The RRBs are a joint ownership pattern of the state government, union government and the bank sponsoring the RRB. The repeated issue coming to the fore was to assess whether those RRBs having a common sponsor bank are facing the viability issue or whether the same is too wide spread for such an analysis. So the approach primarily had been to identify the issues which comprise the problem areas for the banks and ultimately address these with a view to achieve the economic viability of these banks.

1.1 RRBs in Punjab

a) Punjab Gramin Bank

Punjab Gramin Bank came into existence on 12 Sept., 20025 with the amalgamation of three former Regional Rural Banks: Kapurthala-Ferozpur Kshetriya Gramin Bank, Gurdaspur-Amritsar Kshetriya Gramin Vikas Bank and Shivalik Kshetriya Gramin Bank, sponsored by Punjab National Bank in Punjab State Bank and has been awarded Certificate of Excellence – Social Banking Excellence Award -2016(Cooperative Bank & RRBs) by ASSOCHAM – INDIA in recognition of eminent work done in the field of Government Schemes.

b) Malwa Gramin Bank

Is a Regional Rural Bank sponsored by the State Bank of Patiala and after its merger with State Bank of India the sponsor bank presently is SBI. It has total 89 branches in five districts of Punjab, out of which 83 are in rural area, 5 in a semi-urban area and 1 in the urban area.

To ensure fulfillment of the objectives of the establishment of RRBs, for rural development, Bank's agriculture advances have shown a robust growth over the years. As a responsible corporate citizen, the bank has surpassed all the benchmarks under Priority Sector, Weaker Sections, and Women Beneficiaries.

c. Sulej Gramin Bank

The bank was established on 22.03.1986 with its Head Office at Bathinda supported by Punjab & Sind Bank. It has spread its operations in 40 branches located in six districts viz. Bathinda, Mansa, Faridkot, Sri Muktsar Sahib, Ludhiana and Moga.

The District wise distribution of no. of Branches of Regional Rural Banks in Punjab

Table: 1 District Wise No. of Branches of Regional Rural Banks (2016-17)

S. No.	Bank	District	No. of Braches
1.	Malwa Gramin Bank	Patiala	23
2.		Sangrur	31
3.		Barnala	14
4.		Fatehgrah Sahib	11
5.		Mohali	4
Total			83

S. No.	Bank	District	No. of Braches
1	Punjab Gramin Bank	Hoshiarpur	38
2		Rupnagar	20
3		Mohali	14
4		Amristsar	28
5		Gurdaspur	29
6		Pathankot	17
7		Firozpur	18
8		Fazilka	16
9		Moga	17
10		Taran Taran	16
11		Jalandhar	23
12		Nawan Shahar	8
13		Kapurthala	32
Total			274

S. No.	Bank	District	No. of Braches
1	Sutlej Gramin Bank	Bathinda	6
2		Faridkot	7
3		Mansa	11
4		Moga	1
5		Muktsar	7
6		Ludhiana	6
Total			38

1.2 Need of Study

The agrarian economy of Punjab now-a-days faces a severe crisis of repeated crop failures, low yield and high cost of production, non-remunerative produce prices and capital intensive farming, which resulted in heavy farm indebtedness. Due to the crisis factors, farmers are unable to repay loans. This economic crisis led the farmers to commit suicides. Thus, there is a need to revive the rural economy in general and agrarian economy in particular, RRBs need to be strengthened. Therefore, it is very relevant to study the economic & social viability of Regional Rural Banks (RRBs) in Punjab.

2. Literature Review

Kanika & Nancy (2013) made study on "Financial Performance of Regional Rural Banks in India". The increase in the amount of NPA's and the issues related to non-recovery of advances were the main reasons to study the financial performance of Regional Rural Banks. In this study they try to figure out the growth pattern and financial performance of RRBs in India. The study chooses a particular period from 2006-07 to 2011-12. The study concluded that the regional inequality pertaining to banking services were reduced owing to the growth of RRBs at a quick pace and further the RRBs were also successful in realizing its aim to serve the rural poor.

Waqas Tariq et al. (2014) in their study examine the factor influencing the performance of commercial banks in Pakistan. They count consistency is the main reason for smooth running of any financial institution. Profitability is the clear indicator of the positive performance. So it is important to identify the variables which influence bank profit, so that management can concentrate on that while decision making.

Kanthimathinathan (2016) discussed about the role of RRBs in Indian rural economy. RRBs are established to develop the rural economy and to provide the credit facility to rural and agriculture sector. Objective of the study is to examine the role of RRB in the growth of Indian economy, to examine the performance and operation of RRBs and to give necessary suggestions on how to improve the sources of RRBs. RRB promote savings, mobilize savings, high employment rate, Capital formation, Transportation, Government loans, Construction, Agri. Development, Industrial development, Safekeeping of valueable things and Allocating savings among alternatives. So this study examines all the aspects and developments within the RRBs.

3. Research Methodology

The current research problem aims at investigating the **Perceptions of Beneficiaries about Credit Disbursement Programmes** of RRBs in the state of Punjab. The research methodology primarily consisted of the application of both qualitative and quantitative research methods and the research basically was descriptive in nature. The secondary and primary data were collected from various sources and were analyzed with appropriate statistical tools. The universe of the study included all the Regional Rural Banks and their customers as well as officials throughout India. However, the study has been conducted in the state of Punjab only. The sample for the current study was based on multi-stage sampling technique. Regional rural banks were the first stage of sampling unit, while the branches of the RRBs became the 2nd unit. Respondents provided the 3rd stage of sampling unit. At the time of planning to conduct the study, only three RRBs were functioning in Punjab namely, Punjab Gramin Bank, Malwa Gramin Bank and Sutlej Gramin Bank. For the purpose of the study all the three RRBs were taken:

3.1 Selection of Branches of RRBs

Three separate lists of branches of respective RRB were prepared according to clusters formed on the basis of districts within their area of operation. These clusters were then put in a descending order as per the number of branches per cluster. Then from the list of branches of Punjab Gramin Bank, 4 branches i.e. one each from the top 4 clusters were randomly selected for the study. Similarly, from the list of branches of Malwa Gramin Bank and Sutlej Gramin Bank, 2 branches each were again selected randomly. In this way, total 8 branches of RRBs were selected for the study. On the same basis the selection of the branches for eliciting responses of the Bank Officials was done.

3.2 Selection of Beneficiaries

The list of customers was collected from the officials of RRBs branches. As much as 40 customers from each selected branch were interviewed for data collection. Similarly, 3 officials from each branch were interviewed for data collection.

3.3 Sample Size

Ultimately the sample size of the study is shown in the following table 2:

Table 2: Sample Size Details

S. No.	Name of RRBs	Respondents Customers	
		No. of Branches	No. of Customers
1.	Punjab Gramin Bank	4	160
2.	Malwa Gramin Bank	2	80
3.	Sutlej Gramin Bank	2	80
	Total	8	320

In order to have a conceptualized view of the financial and social viability of RRBs in Punjab; a set of 40 Customers per branch (total 320) from the selected branches of Punjab Gramin Bank (four), Malwa Gramin Bank (two) and Sutlej Gramin Bank (two) in the state of Punjab were considered for data collection. So, a sample of 320 customers of the selected branches of the Banks was considered for analyzing their perception towards the social performance of RRBs in Punjab.

3.4 Data Collection

Both primary and secondary data were collected. The information regarding RRBs was collected from the annual reports published by the Banks and RBI publication viz. RBI Bulletin, Report on Trends and Progress in Banking, Reports on Currency and Finance and Statistical and Financial Statements relating to RRBs, Reports Published by NABARD and Publications of Govt. of India and Punjab. The secondary data related to the volume of deposits, advances, business, credit-deposit ratio, profit, loan disbursed to different sectors and social groups and cost and margin structure were collected for a period of 12 years i.e. from 2005-06 to 2016-17. Primary data for the present study were collected through questionnaires method. The questionnaires were got filled from both bank customers and bank officials of the selected branches of the concerned RRBs. The primary data related to the socio-economic profile of customers and officials, their perceptions about various aspects of functioning of RRBs in the direction of achieving social equity based rural development.

4. Data Analysis & Results:

The achievement of social equity based rural development through various projects and schemes under CDPs of RRBs has been evaluated by studying the views of beneficiaries about different aspects of socio-economic development of rural poor. The beneficiaries were asked to convey their agreement/disagreement on different statements related to the Credit Disbursement Programmes of RRBs. They responded in terms of “‘strongly agree’, ‘agree’, ‘neutral’, ‘disagree’ and ‘strongly disagree’”. The results of the ANOVA applied on the data are presented in Table 3:

Table 3: Perceptions related to Credit Disbursement Programmes of RRBs

Statement	PGB		MGB		SGB		Total		F-ratio
	Mean	Level	Mean	Level	Mean	Level	Mean	Level	
S1	4.11	A	4.37	A	3.98	A	4.14	A	1.27
S2	3.38	N	4.18	A	3.41	N	3.59	A	5.34**
S3	2.97	N	3.21	N	2.32	DA	2.87	N	4.48**
S4	3.14	N	2.87	N	3.04	N	3.05	N	1.31
S5	4.68	SA	3.34	N	4.27	A	4.24	A	6.62**
S6	4.37	A	2.81	N	3.28	N	3.71	A	5.56**
S7	3.29	N	4.22	A	4.14	A	3.74	A	6.14**
S8	3.68	A	3.71	A	4.06	A	3.78	A	1.31
S9	2.15	DA	2.82	N	1.87	DA	2.25	DA	4.98**
S10	2.87	N	3.21	N	3.09	N	3.01	N	1.42
Overall	3.46	N	3.47	N	3.35	N	3.44	N	1.37

The order of statements is provided in Table 4:

Table 4: The statements of beneficiary questionnaire

S. No.	Statement
S1	CDPs are having positive impact on our social status.
S2	CDPs are effective in eradicating poverty.
S3	CDPs are effective in eradicating unemployment.

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S4	CDPs are effective in meeting household needs.
S5	Advances have been given according to the local needs.
S6	CDPs are successful in improving the standard of living of rural people.
S7	CDPs are helpful in improving rural infrastructure.
S8	CDPs are helpful in creating rural assets.
S9	CDPs have failed to achieve the involvement of marginalized groups like women, SC, ST, BC, OBC, etc.
S10	CDPs of RRBs have helped in the economic development of Punjab state.

This showed that the beneficiaries of PGB expressed strong agreement of the order of 4.68 on 'Advances have been given according to the local needs'. They agreed to the tune of 4.37 on 'CDPs are successful in improving the standard of living of rural people', 4.11 on 'CDPs are having positive impact on our social status' and 3.68 on 'CDPs are helpful in creating rural assets'.

The beneficiaries of PGB could not depict any definite position on 'CDPs of RRBs have helped in the economic development of Punjab state (2.87)', 'CDPs are effective in meeting household needs (3.14)', 'CDPs are helpful in improving rural infrastructure (3.29)' and on 'CDPs are effective in eradicating poverty (3.38)'. They disagreed on 'CDPs have failed to achieve the involvement of marginalized groups like women, SC, ST, BC, OBC, etc. (2.15)'.

In case of beneficiaries in MGB, they expressed agreement of the highest order of 4.37 on 'CDPs are having positive impact on our social status', followed by 4.22 on 'CDPs are helpful in improving rural infrastructure', 4.18 on 'CDPs are effective in eradicating poverty' and 3.71 on 'CDPs are helpful in creating rural assets'.

The beneficiaries neither agreed nor disagreed to the tune of 3.21 on 'CDPs are effective in eradicating unemployment', 2.87 on 'CDPs are effective in meeting household needs', 3.34 on 'Advances have been given according to the local needs', 2.81 on 'CDPs are successful in improving the standard of living of rural people', 2.82 on 'CDPs have failed to achieve the involvement of marginalized groups like women, SC, ST, BC, OBC, etc.' and 3.21 on 'CDPs of RRBs have helped in the economic development of Punjab state'. The beneficiaries of MGB neither strongly agreed nor strongly disagreed on any of the aspects of Credit Disbursement Programmes of RRBs.

The beneficiaries of SGB agreed of the order of 3.98 on 'CDPs are having positive impact on our social status', 4.27 on 'Advances have been given according to the local needs', 4.14 on 'CDPs are helpful in improving rural infrastructure' and 4.06 on 'CDPs are helpful in creating rural assets'.

The beneficiaries of SGB could not depict any definite position on 'CDPs are effective in eradicating poverty (3.41)', 'CDPs are effective in meeting household needs (3.04)', 'CDPs are successful in improving the standard of living of rural people (3.28)' and 'CDPs of RRBs have helped in the economic development of Punjab state (3.09)'.

Moreover, the beneficiaries of SGB expressed their disagreement to the tune of 2.32 on 'CDPs are effective in eradicating unemployment' and 1.87 on 'CDPs have failed to achieve the involvement of marginalized groups like women, SC, ST, BC, OBC, etc.'.

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5. Conclusion

The results of ANOVA revealed that the extent of agreement on 'CDPs are effective in eradicating poverty', 'CDPs are effective in eradicating unemployment', 'CDPs are helpful in improving rural infrastructure' and 'CDPs have failed to achieve the involvement of marginalized groups like women, SC, ST, BC, OBC, etc.' was significantly higher among beneficiaries of MGB as compared to that among beneficiaries of PGB and SGB. But the extent of agreement on 'Advances have been given according to the local needs' and 'CDPs are successful in improving the standard of living of rural people' was significantly higher among beneficiaries of PGB as compared to that among beneficiaries of MGB and SGB. The extent of agreement on all other statements was at par in all the three RRBs.

Overall the beneficiaries agreed on the positive impact of CDPs on their social status, effectiveness of CDPs in eradicating poverty, advances given according to local needs, successfulness of CDPs in improving the standard of living of rural people, CDPs helpful in improving rural infrastructure and creating rural assets. This revealed that as per the opinion of beneficiaries, the RRBs exerted a positive impact on weaker sections of rural Punjab, thus, advancing towards social equity based rural development.

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