

# Role of Malwa Gramin Bank in Financing the Rural Society: A Case Study of Punjab State

## Abstract

The RRBs have been set up in the country with the objective of extending credit facilities for the rural development. Since their inception, the RRBs have played an important role in the development of the country. The main objective of these banks is to develop agriculture, trade, commerce and industry, and other productive activities in the rural areas by providing credit particularly to the small and marginal farmers, agricultural labourers, artisans and small rural entrepreneurs. The present study is an attempts to analyze the role of Malwa Gramin Bank credit expansion, priority sector lending, with special reference to Agriculture and SSI, deposit mobilization the Punjab State during 1997-98 to 2011-12. The study is based on secondary data collected from State Level Bankers' Committee Punjab and annual report of the bank.

**Keywords:** NABARD National Bank for Agriculture and Rural Development, RRBs: Regional Rural Banks, SSI : Small Scale Industries, SLBC: State Level Bankers Committee, RBI : Reserve Bank of India, SF/MF/AL: Small Farmers, Marginal Farmers and Agricultural Laborer.

## Introduction

The Regional Rural Banks in the country have acquired a good name among the rural masses for providing timely and need based supply of money to weaker sections, covering agricultural and allied activities and also the non-agricultural sector. (Agrawal: 2009). The RRBs have been set up in the country with the objective of extending credit facilities for the rural development. These banks have given special attention to weaker sections in order to enable them to participate in the economic activities and share the benefits of rural development. Their advances are mostly confined to the needs of the weaker sections.

In order to provide banking benefits to maximum number of people and raise their standard of living, every Regional Rural Banks has undertaken various types of loaning business, granted loans and advances particularly to small and marginal farmers and agricultural laborers whether individually or in group. The clientele of these banks, to a large extent, comprises of rural people with small means and its focus remains on the provision of credit and other facilities of these people. In Punjab State, Malwa Gramin Bank, Sutlej Gramin Bank and Punjab Gramin Bank have been extending credit and other facilities to the rural people for improving their economic condition since their inception.

Malwa Gramin Bank, sponsored by State Bank of Patiala has been established on February 27, 1986. Malwa Gramin Bank has a branch network extended in 5 districts with 53 branches. Around ninety percent (48 branches) of bank branches are operating in rural areas of Punjab State, as on March, 2012. Malwa Gramin Bank Keeping in view its aims and objective for the economic development of rural areas, has made dedicated efforts in providing easy and timely financial assistance to agricultural and non- agricultural sectors. In order to extend banking benefits to a maximum number of eligible persons and raise the standard of living, loan distribution camps and function have been arranged by various branches of the bank with the cooperation of district authorities. These camps have helped the applicants in completing various formalities without wasting time on the one hand and improving the performance of the bank on the other.

## Meetu Kaushal

Professor,  
Deptt. of Economics,  
Vivek High School Chandigarh,  
Union Territory

### Objectives

The objectives of the study are:

1. To analyze the growth of advances and deposits of Malwa Gramin Bank in Punjab.
2. To analyze the lending pattern of Malwa Gramin Bank with special reference to Agriculture, weaker section and priority sector lending in selected area.

### Scope and Methodology

The present study covers Malwa Gramin Bank which is operating in five districts of Punjab during 1997-98 to 2011-12. Since the study is analytical in nature, therefore, secondary data have been used to accomplish the study purpose. The required data have been collected from the State Level bankers' Committee Punjab and annual reports of the concerned bank. Since, the data are spread over a time period, Percentage, exponential growth rate and coefficient of variation have been used in study in order to draw meaningful conclusion.

1. The exponential growth rate has been calculated by using following exponential relationship:

$$Y = AB^T$$

Where 'Y' is the variable, for which rate of growth is calculated, 'T' is time. Taking logarithm both sides

$$\log Y = \log A + T \log B$$

By estimating this log linear relationship with the help of the least square method, rate of growth has been derived by relation.

$$B = 1 + g$$

Where g is the exponential growth rate.  
and  $g = (B-1) \times 100$

2. Further to check the consistency of various variables, the coefficient of variable (C.V.) has been calculated by using the following formula:

$$\text{Coefficient of Variation (C.V.)} = \frac{\text{Standard Deviation}}{\text{Mean}} \times 100$$

There is an inverse relationship between the coefficient of variation and consistency. More the value of coefficient of variation, lesser the consistency and vice-versa.

### Credit Expansion by Malwa Gramin Bank

Table 1.1 presents the growth of credit deployed by Malwa Gramin Bank (MGB) in Punjab in terms of accounts, total advances, advances per account, rural advances and semi-urban and urban advances. The table reveals that the number of loan accounts has increased from 20683 in 1997-98 to 42386 in 2011-12 and registered a growth rate of 5.72 percent during the period of study. The outstanding advances of Malwa Gramin Bank has increased from Rs. 3231.00 lac in 1997-98 to Rs. 58162.00 lac in 2011-12 and listed growth rate of 24.50 percent. The amount of outstanding advances has shown an increasing trend over the study period. The area-wise lending of the Malwa Gramin Bank shows that a major proportion of lending by this bank is being done in the rural areas while its lending in semi-urban and urban is not very significant. However, it can be highlighted from the table that proportionate share of rural advances by this bank has come down from 92.85 percent in 1997-98 to 86.16 percent in 2011-12, while the same figure has increased from 7.15 percent in 1997-98 to 13.84 percent in 2011-12 for semi-urban and urban advances.

**Table 1.1**  
**Growth of Advances of Malwa Gramin Bank**

Year	Account (No.in Units)	Total Advances (Rs. In Lacs)	Advances Per A/C (Rs. In Units)	Rural Advances (Rs. in Lac)	Semi-urban and urban Advances (Rs. in Lac)
1997-98	20683	3231.00	15621.52	3000.00 (92.85)	231.00 (7.15)
1998-99	21499	3878.00	18038.05	3616.00 (93.24)	262.00 (6.76)
1999-00	22016	4477.00	20335.21	4153.00 (92.76)	324.00 (7.24)
2000-01	22580	5251.00	23255.09	4865.00 (92.65)	386.00 (7.35)
2001-02	22056	5480.00	24845.85	5208.00 (95.04)	272.00 (4.96)
2002-03	22774	6991.00	30697.29	6398.00 (91.52)	593.00 (8.48)
2003-04	23180	8853.00	38192.41	8103.00 (91.53)	750.00 (8.47)
2004-05	25892	11429.00	44141.05	8961.00 (78.41)	2468.00 (21.59)
2005-06	27710	14910.00	53807.29	13419.00 (90.00)	1491.00 (10.00)
2006-07	30661	21000.00	68490.92	18545.00 (88.31)	2455.00 (11.69)
2007-08	33085	27603.00	83430.56	24255.00 (87.87)	3348.00 (12.13)
2008-09	35914	34205.00	95241.41	30055.00 (87.87)	4150.00 (12.13)
2009-10	40008	41044.00	102589.5	35955.00 (87.60)	5089.00 (12.40)

2010-11	40104	47162.00	117599.2	40934.00 (86.79)	6228.00 (13.21)
2011-12	42386	58162.00	137219.8	50112.00 (86.16)	8050.00 (13.84)
GR	5.72	24.50	17.76	23.71	32.22
CV	26.94	91.55	68.72	90.07	103.45

**Source: Annual Reports of Bank, Financial Statement of RRBs, Statistics on RRBs and SLBC Meeting Agenda Papers Punjab**

It is further revealed that the rural advances of Malwa Gramin Bank has increased from Rs. 3000.00 lac in 1997-98 to Rs. 50112.00 lac in 2011-12, whereas the same figures for semi-urban and urban advances has increased from Rs.231.00 lac in 1997-98 to Rs. 8050.00 lac in 2011-12. However, semi-urban and urban advances recorded higher growth rate (32.22 percent) in comparison to rural advances (23.71 percent) during the study period.

The table further reveals that the growth of rural advances of Malwa Gramin Bank is more consistent (CV=90.07) than semi-urban and urban advances (CV=103.45).

**Purpose wise Classification of Outstanding Advances**

The purpose-wise break up of outstanding advances is given in Table 1.2.

**Table 1.2  
Purpose-wise growth of outstanding advances of Malwa Gramin Bank  
(Rs. Lac)**

Year	Priority Sector Advances			Non –priority Sector Advances	Total
	Agriculture	SSI	Other		
1997-98	2605.00 (80.63)	81.00 (2.51)	207.00 (6.40)	338.00 (10.46)	3231.00 (100.00)
1998-99	3046.00 (78.55)	106.00 (2.73)	277.00 (7.14)	449.00 (11.58)	3878.00 (100.00)
1999-00	3410.00 (76.17)	121.00 (2.70)	311.00 (6.95)	635.00 (14.18)	4477.00 (100.00)
2000-01	4043.00 (76.99)	138.00 (2.63)	337.00 (6.42)	733.00 (13.96)	5251.00 (100.00)
2001-02	4365.00 (79.65)	147.00 (2.68)	363.00 (6.63)	605.00 (11.04)	5480.00 (100.00)
2002-03	5584.00 (79.87)	153.00 (2.19)	441.00 (6.32)	813.00 (11.63)	6991.00 (100.00)
2003-04	7180.00 (81.10)	136.00 (1.54)	483.00 (5.46)	1054.00 (11.91)	8853.00 (100.00)
2004-05	9540.00 (83.47)	88.00 (0.77)	1296.00 (11.34)	505.00 (4.42)	11429.00 (100.00)
2005-06	13836.00 (92.80)	83.00 (0.56)	538.00 (3.60)	453.00 (3.04)	14910.00 (100.00)
2006-07	19640.00 (93.52)	106.00 (0.50)	674.00 (3.22)	580.00 (2.76)	21000.00 (100.00)
2007-08	24167.00 (87.55)	135.00 (0.49)	791.00 (2.87)	2510.00 (9.09)	27603.00 (100.00)
2008-09	29475.00 (86.17)	183.00 (0.54)	1052.00 (3.08)	3495.00 (10.21)	34205.00 (100.00)
2009-10	36263.00 (88.35)	190.00 (0.46)	131.00 (0.32)	4460.00 (10.87)	41044.00 (100.00)
2010-11	41977.00 (89.01)	225.00 (0.48)	2944.00 (6.24)	2016.00 (4.27)	47162.00 (100.00)
2011-12	51820.00 (89.10)	285.00 (0.50)	2663.00 (4.57)	3394.00 (5.83)	58162.00 (100.00)
GR	26.01	5.59	13.55	16.97	24.50
CV	93.96	38.88	103.31	92.38	91.55

**Note: Figures in bracket show percentages.**

**Source: SLBC Meeting Punjab Agenda Papers.**

The table reveals that advances to agriculture and allied activities has increased from Rs.2605.00 lac in 1997-98 to Rs.51820.42 lac in

2011-12. The share of agriculture credit to total advances outstanding has increased from 80.63 percent in 1997-98 to 89.10 percent in 2011-12,

signifying that the bank is focusing more on the agriculture needs of the rural people. The growth rate registered for agriculture and allied activities during the review period is 26.01 percent. The advances issued to SSI though has increased in absolute terms from Rs.81.00 lac in 1997-98 to Rs. 285.00 lac in 2011-12, however the share of SSI in total outstanding advances has decreased from 2.51 percent in 1997-98 to 0.50 percent in 2011-12. The advances made for other activities have increased from Rs.207.00 lac in 1997-98 to Rs. 2663.00 lac in 2011-12. However, the share of other activities have Decreased from 6.41percent in 1997-98 to 4.57 percent in 2011-12 and listed a growth rate of 13.55 percent. It is heartening to note that Malwa Gramin Bank is lending more to priority sector as compared to non-priority sector. The amount of non-priority sector has increased from Rs. 338.00 lac in 1997-98 to Rs. 3394.00 lac in 2011-12, however, the share of non-priority sector in total advances outstanding has Decreased from 10.46 percent in 1997-98 to 5.83 percent in 2011-12.

The consistency in amount mobilized by Malwa Gramin Bank has been highest in SSI

advances (CV=38.88) followed by agriculture and allied advances (CV=93.96) and other advances (CV=103.31).

#### Category-wise Outstanding Advances of Malwa Gramin Bank

Table 1.3 shows category wise loans disbursed by Malwa Gramin Bank. Advances to weaker section have increased from Rs. 2563.00 lac in 1997-98 to Rs. 18593.00 lac in 2011-12, however, the share of weaker section in total loans decreased from 79.33 percent in 1998-99 to 31.97 percent in 2011-12 and registered growth rate of 21.55 percent during the study period. The decline in weaker section loan can be attributed to change in the norms of these banks, as they are diverting towards profit oriented projects. Malwa Gramin Bank like any other Gramin bank is extending economic assistance to Schedule Caste/Schedule Tribes (SC/ST). The outstanding advances have increased from Rs. 127.00 lac in 1997-98 to Rs.809.00 lac in 2011-12. However, the share of SC/ST in total advances outstanding has declined from 3.93 percent in 1997-98 to 1.39 percent in 2011-12 and listed the growth rate of 10.85 percent during the study period.

**Table 1.3**  
**Category-wise Growth of Outstanding Advances of Malwan Gramin Bank**

Year	Category wise Classification					Total Advances
	Weaker Section	SC/ST	SF/MF/AL	Rural Artisans	Women Beneficiaries	
1997-98	2563.00 (79.33)	127.00 (3.93)	1326.00 (41.04)	80.00 (2.47)	149.00 (4.61)	3231.00 (100.00)
1998-99	1787.00 (46.08)	154.00 (3.97)	1458.00 (37.60)	102.00 (2.63)	193.00 (4.98)	3878.00 (100.00)
1999-00	1950.00 (43.56)	172.00 (3.84)	1590.00 (35.51)	121.00 (2.70)	251.00 (5.61)	4477.00 (100.00)
2000-01	2219.00 (42.26)	214.00 (4.08)	1454.00 (27.69)	357.00 (6.80)	332.00 (6.32)	5251.00 (100.00)
2001-02	2587.00 (47.21)	224.00 (4.09)	1769.00 (32.28)	356.00 (6.50)	351.00 (6.41)	5480.00 (100.00)
2002-03	3096.00 (44.29)	240.00 (3.43)	2187.00 (31.28)	463.00 (6.62)	45.00 (0.64)	6991.00 (100.00)
2003-04	3714.00 (41.95)	247.00 (2.79)	3285.00 (37.11)	122.00 (1.38)	603.00 (6.81)	8853.00 (100.00)
2004-05	4229.00 (37.00)	235.00 (2.06)	4229.00 (37.00)	88.00 (0.77)	622.00 (5.44)	11429.00 (100.00)
2005-06	6638.00 (44.52)	286.00 (1.92)	4580.00 (30.72)	83.00 (0.56)	893.00 (5.99)	19156.00 (100.00)
2006-07	9575.00 (45.60)	310.00 (1.48)	9005.00 (42.88)	106.00 (0.50)	1275.00 (6.07)	21000.00 (100.00)
2007-08	13622.00 (49.35)	338.00 (1.22)	10446.00 (37.84)	135.00 (0.49)	1570.00 (5.69)	27603.00 (100.00)
2008-09	16897.00 (49.40)	471.00 (1.38)	16897.00 (49.40)	175.00 (0.51)	1945.00 (5.69)	34205.00 (100.00)
2009-10	17435.00 (42.48)	258.00 (0.63)	17425.00 (42.45)	190.00 (0.46)	2281.00 (5.56)	41044.00 (100.00)
2010-11	18044.00 (38.26)	669.00 (1.42)	17988.00 (38.14)	56.00 (0.12)	2904.00 (6.16)	47162.00 (100.00)

2011-12	18593.00 (31.97)	809.00 (1.39)	30891.00 (53.11)	254.00 (0.44)	5310.00 (9.13)	58162.00 (100.00)
GR	21.55	10.85	27.21	-0.83	28.84	24.50
CV	82.54	60.52	106.25	68.62	113.78	91.55

**Note: Figures in bracket show percentages.**

**Source: SLBC Meeting Punjab Agenda Papers.**

The Table 1.3 further reveals that the advances to SF/MF/AL of this bank has increased from Rs. 1326.00 lac (41.04 percent) in 1997-98 to Rs.30891.00 lac (53.11 percent) in 2011-12 and registered a growth rate of 27.21 percent during the period under study. It can be observed from the discussion that the bank is actually catering to the Needs of SF/MF/AL for whom the bank is actually set up. The advances made to rural artisans increased at a very slow pace. The advances to rural artisans have increased from Rs.80.00 lac in 1997-98 to Rs. 254.00 lac in 2011-12, however, the share of rural artisans have declined from 2.47 percent in 1997-98 to 0.44 percent in 2011-12 and registered a negative growth rate of 0.83 percent during the review period. With a view to ensure gender sensitization and to ensure greater participation of women in development, bank has been extending advances to women

beneficiaries. The advances to women beneficiaries have increased from Rs. 149.00 lac (4.61 percent) in 1997-98 to Rs. 5310.00 lac (9.13 percent) in 2011-12 and listed a growth rate of 28.84 percent during the study period. The table further reveals that category-wise consistency in amount mobilized by Malwa Gramin Bank has been highest in SC/ST category (CV=60.52) followed by rural artisans (CV=68.62), SF/MF/AL (CV=106.25) and women beneficiaries (CV=113.78).

**Growth in Deposits of Malwa Gramin Bank**

The primary function of any banking institution is to accept deposits. Even the advances given by a bank depends upon its deposit mobilization. First, a bank mobilizes deposits from public and then makes them available for lending purposes.

**Table 1.4  
Deposit Mobilisation by Malwa Gramin Bank**

Year	Rural Deposits	Semi-Urban and Urban Deposits	Total Deposits	Total Advances	C-D Ratio
1997-98	3231.00 (61.14)	2054.00 (38.86)	5285.00 (100.00)	3231.00 (100.00)	61.14
1998-99	4834.00 (73.81)	1715.00 (26.19)	6549.00 (100.00)	3878.00 (100.00)	59.22
1999-00	5707.00 (74.46)	1958.00 (25.54)	7665.00 (100.00)	4477.00 (100.00)	58.41
2000-01	6876.00 (75.92)	2181.00 (24.08)	9057.00 (100.00)	5251.00 (100.00)	57.98
2001-02	8086.00 (84.44)	1490.00 (15.56)	9576.00 (100.00)	5480.00 (100.00)	57.23
2002-03	8894.00 (76.34)	2756.00 (23.66)	11650.00 (100.00)	6991.00 (100.00)	60.01
2003-04	10947.00 (77.91)	3103.00 (22.09)	14050.00 (100.00)	8853.00 (100.00)	63.01
2004-05	12332.00 (79.46)	3187.00 (20.54)	15519.00 (100.00)	11429.00 (100.00)	73.65
2005-06	15426.00 (80.53)	3730.00 (19.47)	19156.00 (100.00)	19156.00 (100.00)	77.83
2006-07	19191.00 (80.05)	4784.00 (19.95)	23975.00 (100.00)	21000.00 (100.00)	87.59
2007-08	25693.00 (81.75)	5736.00 (18.25)	31429.00 (100.00)	27603.00 (100.00)	87.83
2008-09	35567.00 (82.72)	7430.00 (17.28)	42997.00 (100.00)	34205.00 (100.00)	79.55
2009-10	42236.00 (82.54)	8937.00 (17.46)	51173.00 (100.00)	41044.00 (100.00)	80.21
2010-11	45623.00 (80.91)	10761.00 (19.09)	56384.00 (100.00)	47162.00 (100.00)	83.64
2011-12	52167.00 (80.30)	12799.00 (19.70)	64966.00 (100.00)	58162.00 (100.00)	89.53
GR	21.64	16.04	20.20	24.50	-
CV	82.99	73.68	81.03	91.55	-

**Note: Figures in bracket show percentages.**

**Source: SLBC Meeting Punjab Agenda Papers**

Table 1.4 shows area-wise distribution of the total deposits of Malwa Gramin Bank during the last fifteen years. The table highlights that more than four-fifth of the total deposits of this bank have been mobilized from the rural areas for whose development the Regional Rural Banks are meant for. All the more, it is surprising that nearly one-fifth of these deposits have been mobilized from semi-urban and urban areas. The total deposits of this bank has increased from Rs.5285.00 lac in 1997-98 to Rs.64966.00 lac in 2011-12 and registered growth rate of 20.20 percent during the period of study. The proportion of rural deposits to total deposits has increased from 61.14 percent in 1997-98 to 80.30 percent in 2011-12, whereas the proportion of semi-urban and urban deposits to total deposits has decreased from 38.86 percent in 1997-98 to 19.70 percent in 2011-12. The registered growth rate of rural deposits has been 21.64 percent and that for semi-urban and urban deposits is 16.04 percent during the study period. It can further be observed from the table that credit-deposit ratio of Malwa Gramin Bank has increased from 61.14 percent in 1997-98 to 89.53 percent in 2011-12. One can analyse from the table that credit-deposit ratio of Malwa Gramin Bank declined during 1997-98 to 2002-03 and gained momentum again in 2002-03.

The table further reveals that the semi-urban and urban deposits of the Malwa Gramin Bank has

been more consistent (CV=73.68) than rural deposits (CV=82.99) during the period of study.

#### Types of Deposits of Malwa Gramin Bank

Like any other bank, Malwa Gramin Bank also receives deposits through current account (demand deposit), saving account and other term deposit account to mobilize the resources from the rural sector of the state. The composition of deposits of the bank for the last fifteen years is presented in Table 1.5. The table reveals that deposits in all accounts have shown an increasing trend. The deposits of the current account of the bank has increased in absolute terms but the share of such deposits as a proportion of total deposits has declined from 3.31 percent in 1997-98 to just 1.64 percent in 2011-12. It can also be observed from the table that current deposits of Malwa Gramin Bank have shown a fluctuating trend. It is noteworthy here, that current account is the cheapest source of fund for the bank but they require high amount of liquidity. No interest is paid on such deposits; rather, bank realizes incidental charges for such accounts. These accounts are generally maintained by retailers and other businessmen. Further, it is revealed from the table that the saving bank deposits of this account have remained more than one-third of total deposits in all the years. The saving bank deposit of this bank has increased at the rate of 19.72 percent over period under study.

**Table 1.5**  
**Types of Deposits in Malwa Gramin Bank**

Year	Current Deposits	Saving Bank Deposits	Term Deposits	Total Deposit Account
1997-98	174.86 (3.31)	1845.70 (34.92)	3264.27 (61.77)	5284.83 (100.00)
1998-99	279.47 (4.27)	2157.46 (32.95)	4111.57 (62.79)	6548.50 (100.00)
1999-00	320.16 (4.18)	2624.52 (34.24)	4719.98 (61.58)	7664.66 (100.00)
2000-01	352.56 (3.89)	3151.46 (34.79)	5553.22 (61.31)	9057.24 (100.00)
2001-02	382.99 (4.00)	3289.41 (34.35)	5903.26 (61.65)	9575.66 (100.00)
2002-03	492.56 (4.23)	4255.73 (36.53)	6901.40 (59.24)	11649.69 (100.00)
2003-04	732.77 (5.22)	5334.10 (37.96)	7983.40 (56.82)	14050.27 (100.00)
2004-05	645.22 (4.16)	6326.27 (40.76)	8547.79 (55.08)	15519.28 (100.00)
2005-06	1087.42 (5.68)	8808.27 (45.98)	9259.99 (48.34)	19155.68 (100.00)
2006-07	1211.46 (5.05)	10812.95 (45.10)	11951.22 (49.85)	23975.63 (100.00)
2007-08	1370.70 (4.39)	10142.53 (32.45)	19743.64 (63.17)	31256.87 (100.00)
2008-09	1553.57 (3.61)	12195.88 (28.36)	29247.90 (68.02)	42997.35 (100.00)
2009-10	853.47 (1.67)	15578.95 (30.45)	34736.33 (67.89)	51168.75 (100.00)
2010-11	481.09 (0.85)	19557.84 (34.69)	36344.62 (64.46)	56383.55 (100.00)
2011-12	1062.98 (1.64)	21239.62 (32.69)	42663.75 (65.67)	64966.35 (100.00)

GR	24.60	19.72	20.65	20.20
CV	59.23	74.78	87.94	81.02

**Note: Figures in bracket show percentages.**

**Source: Annual Report of Malwa Gramin Bank.**

One can analyze from the table that the term deposits of this bank dominates the total deposit portfolio of this bank as they are more than sixty percent of the total deposits in all the years except in 2002-03 to 2006-07. The quantum of term deposits has increased from Rs. 3264.27 lac in 1997-98 to Rs. 42663.75 lac in 2011-12. The growth rate has been highest for Current deposits (24.60 percent), followed by term deposits (20.65 percent) and saving deposits (19.72 percent) during the period.

In Malwa Gramin Bank, the degree of consistency has been highest for current deposits (CV=59.23), followed by saving bank deposit (CV=74.78) and term deposit (CV=87.94) during the period of study.

#### **Findings and Conclusion**

1. The above analysis leads us to conclusion that Malwa Gramin Bank is functioning with full zest to uplift the rural masses by providing them timely financial assistance. It has inculcated the habit of saving in the rural masses.
2. Malwa Gramin Bank has achieved a considerable success in growth of advances. The number of accounts of the bank has doubled in last fifteen years. However, the growth rate in number of accounts has been 5.72 percent during the period of study. Total advances of Malwa Gramin Bank have increased with the growth rate of 24.50 which is higher as compared to growth rate of deposits (21.64 percent) during the period of study.
3. The performance of Malwa Gramin Bank regarding advances to priority sector and agriculture and allied activities has been very significant. Priority sector lending continued to have focused attention of the bank. The share of priority sector in total advances of the bank has been more than the benchmark of sixty percent. The share of non-priority sector to total advances has remained very low during the study period. Similarly, the share of agriculture and allied activities to total advances has been more than seventy five percent in all years against the national goal of eighteen percent. The rate of growth for advances for agriculture and allied activities has been as high as 26.01 percent during the review period.
4. The share of SSI in total advances has declined during the period under study. The rate of growth has been as low as 5.59 percent. The share of others in total advances has shown fluctuating trend and registered growth rate of 13.55 percent during the study period.
5. The bank continued to lay special emphasis on improving the socio-economic conditions of the weaker sections of society. The share of weaker section in total advances has been more than the benchmark of fifteen percent during all the years under study. The bank has achieved growth rate of 21.55 percent during the period of study.
6. Similarly, the bank is rendering a number of facilities to women beneficiaries. The share of women beneficiaries in total advances has increased during the period of study and has been higher than the benchmark of five percent set by RBI. The bank has achieved a growth rate of 28.84 percent during the study period.
7. The share of SF/MF/AL has shown fluctuating trend. Though, the share of SF/MF/AL has increased and registered growth rate of 27.21 percent under the review period.
8. The share of SC/ST and rural artisans in total advances has declined during the period under study.
9. The credit deposit ratio has been spectacularly high, which signifies that the bank is putting more emphasis on extending credit to the rural people.
10. The significant feature of this bank is, that it has its ninety percent branches in rural areas of Punjab. The share rural deposits as a proportion of total deposits have increased during the study period. On the hand, the share of semi-urban and urban deposits have decreased during the same period. The rate of growth is more in case of rural deposits (21.64 percent) as compared to semi-urban and urban deposits.
11. The term deposits dominates the portfolio of the total deposits of the bank. The share of term deposit in total deposit has increased during the study period. However the rate of growth is higher for current account deposits as compared to term deposits and saving bank deposits.

#### **Recommendations**

1. The RBI should adopt liberal branch licensing policy and Malwa Gramin Bank should expand its area of operations to other areas where the banking facility is not available.
2. Bank should make efforts to attract low cost deposits as the share of low cost deposits to total deposit is very low. For this purpose the marketing team of the bank should motivate businessmen to open current account with the branches of Malwa Gramin Bank.
3. ATM system should be introduced in all branches. This will generate more business for the bank.
4. Commercial Banks should not be allowed to set up their branches in rural area. RBI and sponsor banks should transfer the business of rural branches of commercial banks to RRBs, as a result their business will increase.
5. As most of the RRBs are set up in rural and semi-urban areas, these banks should recruit only those persons, who are capable to do work in rural environment.
6. Marketing team of RRBs should emphasize on getting business from industrial units operating in their domain, this will generate more income for them.

### Conclusion

From the above discussion, it can be concluded that the efforts made by Malwa Gramin Bank in deposit mobilization, credit deployment, priority sector lending and agriculture lending are appreciable. These banks have taken the banking services to the doorsteps of rural masses, specially in Punjab State. Malwa Gramin Bank are meeting their national targets as set by the Reserve Bank of India for priority sector lending ,direct agriculture advances, weaker section and women beneficiaries. Government should take necessary steps to strengthen these banks. Regional Rural Banks can progress better if they are provided more autonomy and freedom.

### References

1. Joshi, N.C. (1978), 'Perception of Bank Branch expansion', Indian banking Today and Tomorrow, Vol. 3.
2. Patel, A.R (1980), "Rural Credit System of Eighties", Kurukshetra, Vol. XXIV, No.2.
3. Bapna, M.S. (1989), "Regional Rural Banks in Rajasthan", Himalaya Publishing House, New Delhi.
4. Nurkse, R. (1982), "Problem of capital Formation in under developed Countries", Oxford University Press Bombay.
5. Vashesht, A.K. (1991), "Public sector Banks in India", H.K. Publishers, New Delhi.
6. Dhaliwal, Navkiranjit Kaur, (2010), "Growth and performance of regional Rural Banks", Discovery publishing House Pvt. Ltd., New Delhi..
7. Agrawal, Meenu (2009), "Regional Rural banks (RRBs) in India", New Century Publisher, New Delhi.
8. SLBC Meeting Agenda Reports Punjab.
9. Annual Reports of Malwa Gramin Bank.