



Dimensions of Himachal Gramin Bank- An Empirical Analysis

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ABSTRACT: Rural finance is considered as a crucial input in rural reconstruction and institutional finance is an important prerequisite in rural finance for rural development. Regional rural bank is one of the most important institutional finance which provides financial assistance to landless labourers, rural artisans, small and marginal farmers, village and cottage industries and to promote the productive activities and also to foster banking habits among the rural masses. RRBs were established in 1975 with the objective of augmenting the outreach of the institutional channel of credit in the remotest corner in rural India. In Himachal Pradesh two RRBs i.e. Himachal Gramin Bank and Parvatiya Gramin Bank are working. After going through the literature of these banks it is observed that most of the literature has skipped the important fact i.e. Impact of RRBs in the development of people. So in this research paper an effort has been made to analysis this impact. The main objective of our study is- to assess the impact of facilities provided by HGB to the rural masses and to examine in depth the performance of HGB. The present study is confined particularly to Himachal Gramin Bank. Both primary and secondary data have been used for getting required information .Primary data will be obtained through personal interviews. Keeping in view the nature of study the data collected will have been analyzed and interpreted with the help of mathematical tools, statistical tools i.e. Chi-square test, diagrammatical & graphical methods.

I. INTRODUCTION

Banks play an important role in the economic growth of any country. Banking institutions occupy a key position in today's economy. In real sense banking is a life blood of modern commerce. Bank composes the central part of country's financial structure. Despite of the fact that banks creates no wealth, but their lending, investing and related activity facilitates the economy, process of production, distribution and consumption. Banks encourages investment and they buy help in capital formation by mobilizing saving, they collect the funds and rent to entrepreneurs. Thus banks play a dominant and useful role in promoting economic development by mobilizing the financial resources of community and by making their flows into desired channels. The first presidency bank was established in Calcutta in 1806 under the name of 'Bank of Calcutta'. It was later renamed in 1809 as the 'Bank of Bengal'. Other two presidency banks were 'The Bank of Bombay' and the 'Bank of Madras' which were established in 1840 & 1843 respectively. In 1920 these banks are amalgamated and new bank 'Imperial Bank of India' was formed. Several other joint stock banks were established in 1813, but most of those banks did not stay for long and they did not confine themselves to banking business only. During the period of 1913-1917 87 banks failed with the total paid up capital of over Rs.1.75 crores, which was slightly more than half of the total, paid up capital of all the joint stock banks that survived in 1917. This failure did much to weaker public confidence of Indian joint stock banking. The year 1949 marks the beginning of a new era in the history of Indian banking for the first time comprehensive legislation was [passed to control the activities of the commercial banks. Under the legislation the Reserve Bank of India was given very wide powers to control and supervision. After 1949 smaller and weaker banks either liquidated themselves completely or merged themselves in bigger banks. In 1969 a big change took place when commercial banks were nationalized.

A. RRBs in India

Prior to the appearance of RRBs on the rural credit scene, Co-operative and commercial banks were the two institutional agencies providing credit to the rural people at the village level. The co-operatives failed to meet the increasing rural credit needs in general and those of small and marginal farmers In particular. The commercial banks lacked the ability to tackle the vast expanding credit requirements of their high cost structure and inadequate local

involvement. Findings the weaknesses in the existing rural credit structures, the banking commission in the report (1972) had proposed the setting up of rural Banks to cater to the needs of the rural people of India.

However the Government of India announced the 20 points Economic programme, primarily aimed at eradicating the rural poverty. The economic package of the Government contained some major points related to the rural credit.

Accordingly guidelines were issued to all the state Governments to ensure that all the non institutional borrowings of marginal farmers (holding land upto 2.5 acres) were totally discharge and the borrowings of small farmers (holding land between 2.5 to 5 acres) were considerably scaled down .the measures were likely to affect the rural credit flows the traditional sources ,that is the money lenders, were either going to dry up or ask for exorbitant rates of interest in future lending in order to cover the risk of probables bad debts due to legislature support to the borrowers.

Further a new class of borrowers engaged because of various lands reforms legislation. Under the 20 point program, land (One acre each) which was free of cost ,was distributed to landless labour, schedule caste and schedule tribe people and to the tenants of land. This new class of agriculturist had massive credit requirements.

Thus to non successful record of performance of cooperatives, the inability of banks due to high cost structure and inadequate local involvement, the expansion of rural credit needs due to 20 point economic program and the fear of drying up of the traditional sources and credit due to legislative measures were the factors that led to a rethinking about creation of chain of rural banks. As a result this rethinking the Government of India appointed a working group or rural banks under the chairmanship of M Narsimhan to examine in depth the setting up of new rural banks as subsidiaries of public sector banks to cater the needs of the rural poor. In an unusually quick report which the group submitted on July30, 1975, it observed in a country of the size and regional diversity as ours, no single pattern, be it commercial banks or cooperative credit, can be expected to meet all the emerging requirements in all areas.

The group could not be quite sure about the optimum size of the operation coverage etc and hence it favoured a cautious approach by recommending the setting up of five rural banks as pilot institutions in selected areas. Some feeble and multi opposition notwithstanding, the government accepted the recommendation of the group. An ordinance was promulgated on september26, 1975 which was subsequently replaced by regional rural bank act of 1976. According to this act the RRBs were to be set up with a view of developing the rural economy by providing for the purpose of development of agriculture, trade, commerce, industry and other activities in rural areas, credit and other facilities particularly to small and marginal farmers, agricultural, labourers, artisans and small entrepreneurs and for matters connected there with and incidental thereto. The main objective of RRBs is to provide credit facilities and services to the rural areas so that the economy can be accelerated on the path of development. Its object is to provide at one place the special type of credit and banking facilities and other related services needed by agriculturist and other procedures. The RRBs strive to develop the rural economy with special emphasis on small and marginal farmers, agriculturist, labourers, rural artisans and small entrepreneurs etc.

B. RRBs in Himachal Pradesh and Profile of Himachal Gramin Bank

Since economy of Himachal Pradesh is based on agriculture and more than 70% of population is earning its bread and butter from agriculture and agro based industries as such the rural credits requirements in the state cannot be overlooked. Although co-operative sector is also rendering its services in rural sector but due to their non-successful record specially for rural population, the need of rural banks was felt and the Himachal Pradesh with a strong rural background. The Himachal Gramin Bank was established in the year 1976 with initial operation in three Districts only Mandi, Kangra & Kullu. Due to its vital role and successful history bank established it's branches in eleven Districts out of twelve serving the rural population with great zeal and enthusiasm. While another RRB namely Parvatiya Gramin Bank is working in one district ie Chamba with network of 27 branches was merged with Himachal Gramin Bank in the year 2013-14, extending the operational area of the bank in all the twelve districts of HP.

Human resource being a important component for the growth and development of any organization is required to be analysed specially in rural banking keeping in view the governance issue, manpower planning, recruitment, placement, transfers, career progression, industrial relation, welfare facilities, wages and salary structure ,promotion, training etc. On the other hand such policies are required to be analysed keeping in view the organisation structure, employees perception and level of satisfaction towards the policies in operation keeping in view the above a detailed analysis is required to be made in regard to organ structure, HRD policies on the conclusions and recommendations can be made for the growth and development of the only growing Gramin Bank in the state of Himachal Pradesh. Himachal Gramin Bank, sponsored by Punjab National Bank, Established in 23rd December 1976, is the large RRB in the state of Himachal Pradesh. The head office is in Mandi the bank is fulfilling the needs of farmer rural artisans and individuals in rural hinterlands of Himachal Pradesh.

Bank has implemented 100% core banking solutions (CBS) crossing a significant mile stone and setting a new bench mark to complete the project within schedule period. On 27th july2009 only four branches were on CBS and on 7th February 2010 all the branches were migrated to CBS. Technological advancement in the form of 100%

coverage under core banking solutions provides an ample opportunity to offer class services to our customers. New initiatives have been launched to boost non interest income. Some of the major initiatives taken by the bank include tie up management with M/S Bajaj Allianz General Insurance Co Ltd. For General Insurance bank entered into tie up arrangement with M/S Force Motors Ltd, M/S Tata Motors Ltd& for financing three wheelers bank entered into tie up arrangement with M/S Bajaj Auto Ltd. Bank has also taken membership of credit guarantee fund trust for micro & Small Enterprise.

Himachal Pradesh Gramin Bank, sponsored by Punjab National Bank came in to existence with the amalgamation of two RRBs, viz Himachal Gramin Bank, Mandi (sponsored by Punjab National Bank) and Parvatiya Gramin Bank, Chamba (sponsored by State Bank of India) vide Government of India Notification Dated 15 th February 2013 under section 21 of the RRBs Act, 1976 with its Head Office at Mandi. The Area of operation of the Bank is spread over to 12 districts of Himachal Pradesh. The Bank is authorized to affect banking transaction as permitted under section 5 (b) of Banking Regulation Act, 1949 presently. Bank is functioning with a network of 188 branches in twelve districts, namely Mandi, Kangra Kullu, Hamirpur, Bilaspur, Una, Shimla, Solan, Sirmour, Kinnaur, Lahul-Spiti and Chamba. There are two regional Offices. One at Dharamshala at Dari and other at Sunder Nagar at Mandi.

C. Performance Highlights as on 31st March 2013

Table 1.
(Amount in Rs.000)

No. of districts covered	12
No. of branches	188
Rural	178
Urban	01
Semi Urban	09
Deposits	21586444
Borrowings	1840777
Gross loans and advances	8979686
C D Ratio	41.60
Average Capital	154362
Productivity Per Staff	162586
Classification of Assets	
Standard	8561775
Sub-Standard	223858
Doubtful	188264
Loss	6062
Investment Fluctuation Reserve	17028
Reserve/Accumulated Profits	634996
Investment Fluctuation Reserve	17028

Source Annual Report of HGB 2012-13

D. Rationale behind the Study

Agriculture contributes over 45% to the state domestic product of Himachal Pradesh. It is the main source of income and employment in Himachal Pradesh. It provides direct employment to about 71% of its people. The hill topography of the state is such that a very little diversification is noted in the economic activities of the people. Many areas of the state are totally backward and lack infrastructure availability of cheap credit, organization of marketing facilities and provision of agricultural inputs which are very important for the development of agriculture. In spite of huge potential in agriculture and Horticulture, besides governmental agencies, Co-operative societies are the only agencies which perform some of these functions. Although Co-operative sector is also rendering its services in rural sector but due to their non successful record specially for rural population the need of rural banks was felt and the Himachal Pradesh with a strong rural background. The Himachal Gramin Bank was established in the year 1976 with initial operation in three Districts namely Mandi, Kangra and Kullu. Due to its vital role. With the merger of the Parvatiya Gramin Bank of district Chmba now the presence of Himachal Gramin Bank is in all the districts of Himachal Pradesh.

E. Objectives of the Study

- To overview the concept of RRB in Himachal Pradesh.
- To examine and analysis in depth the various dimensions performance of Himachal Gramin Bank.

II. RESEARCH METHODOLOGY

A. Nature and Sources of Data

The present study is based upon the primary and secondary data collected from various published sources of The Himachal Gramin Bank. Head Office at Mandi such as Annual Reports, Balance Sheets, Profit and Loss Accounts of the Bank, Circulars and Notifications of the Management, Publications of RBI and NABARD, Directorate of Economics and Statistics Govt. of Himachal Pradesh, Memorandum of Association of Bank and Audit Reports of the Bank. In addition primary survey of 109 respondents was also is also conducted to analyse the impact of Himachal Gramin Bank on Living standard, Repayment of loan, Utilization of credit etc.

Tabular Analysis: in tabular analysis percentages are calculated to draw the inferences.

Simple Statistical technique: for the analysis of data collected simple statistical techniques like diagrams, graphical representation, percentages and averages shall be used.

III. DIMENSIONS OF HMACHAL GRAMIN BANK –AN EMPIRICAL ANALYSIS

To make the empirical analysis of Himachal Gramin Bank following variables have been studied through primary survey of 109 respondents

A. Impact of RRBs on living Standard

Banking institutions today form the heart of the financial structure of any country, whether is developed or developing. In a developing economy, the role of bank is more challenging than a developed economy. Banks are making special efforts to assist the weaker section to enable them to undertake self-employment venture or to acquire income generating capital to improve their standard of living. Regional Rural Banks (RRBs) form an integral part of the Indian banking system with focus on serving the rural sector. RRBs are specialized rural financial institutions for catering to the credit requirements of the rural sector.

(a). Impact of RRBs on living Standard: Gender-wise: Impact of the RRBs on the living standard of the people has been shown in the table 2. it is evident from the table that half of the sampled loanees are fully satisfied as far as the impact of RRBs in improving their living standard is concerned Further, 32 percent loanees are also found satisfied to some extent. Female loanees (48 percent) have been found more satisfied as compared to the male (42 percent) loanees moreover, there are 26 percent female loanees in comparison to 16 percent male loanees who consider that RRBs have not attributed at all in improving their living living standard. The calculated value of chi-square 11.71 is greater than the table value at 5 percent level of significance which shows a great difference in the level of satisfaction between male and female.

Table 2: Impact Of RRBs on Living Standard: Gender wise.

Impact Family Type	Very Satisfactory		Satisfactory		Not Satisfactory		Total	
	No	%	No	%	No	%	No	%
Male	19	42.00	19	42.00	07	16.00	45	100.00
Female	31	48.00	16	25.00	17	26.00	64	100.00
Total	50	46.00	35	32.00	24	22.00	109	100.00

$$X^2 = 11.71 > 0.05(5.99)$$

(b). Impact of RRBs on Living Standard: Education-wise: It can be seen from the table 3 that majority of the illiterate loanee’s (53 percent) living standard has improved to a great extent through RRBs, whereas 34 percent illiterate living standard has improved to some extent through RRBs. Further, there are 13 percent illiterate loanees do not consider the role of RRBs in their improving living standard. Among literate, majority of matriculate loanees’ (46 %) living standard has improved to some extent, whereas 27 percent loanees’ living standard has improved to some extent. Further there are 27 percent loanees who do not find any change in their living are satisfied to great extent, whereas the same proportion of loanees are satisfied to some extent whereas 38 percent are not satisfied at all as far as impact of RRBs in improving their living standard is concerned. Since the calculated value of chi-square is

much less than the table value at 5 percent level of significance which shows that there is a significant difference in the opinion of literate and illiterate and illiterate loanees as far as the impact of RRBs in improving their living standard is concerned.

Table 3: Impact Of RRBs on Living Standard: Education-wise.

Impact Education Level	Very Satisfactory		Satisfactory		Not Satisfactory		Total	
	No	%	No	%	No	%	No	%
Illiterate	25	53.00	16	34.00	06	13.00	47	100.00
10th	19	46.00	11	27.00	11	27.00	41	100.00
10+2	04	33.00	04	33.00	04	34.00	12	100.00
Graduate	01	02.00	04	50.00	03	38.00	08	100
Post-Graduation	01	100.00	-	-	-	-	01	100.00
Total	50	46.00	35	32.00	24	22.00	109	100.00

$$X^2=9.125>0.05(15.05)$$

(c). **Impact of RRBs on living Standard: Occupation-wise:** It is observed from the table 4 that 53 percent government employees, 48 percent agriculturists and 45 percent horticulturists and businessmen loanees each have confessed the vital role of RRBs in improving their living standard. Further, 42 percent agriculturists, 35 percent horticulturists, 31 percent businessmen and 21 percent agriculturists, 35 employees are satisfied to some extent as far as the role of RRBs in improving their living standard. The proportion of the loanees who are not satisfied with the role of RRBs in improving their living standard has been found 26 percent among government employees, 24 percent among insignificant at 5 percent level of significance which leads to conclusion that there is no significant relationship between the occupation of loanees and their satisfaction level as far as the impact of RRBs in improving their living standard is concerned.

Table 4: Impact of RRBs on Living Standard: Occupation- wise.

Impact Occupation	Very Satisfactory		Satisfactory		Not Satisfactory		Total	
	No	%	No	%	No	%	No	%
Agriculture	09	48.00	08	42.00	02	10.00	19	100.00
Govt. Service	10	53.00	04	21.00	05	26.00	19	100.00
Business	17	45.00	12	31.00	09	24.00	38	100.00
Livestock	-	-	-	-	02	100.00	02	100.00
Horticulture	14	45.00	11	35.00	06	20.00	31	100.00
Total	50	46.00	35	32.00	24	22.00	109	100.00

$$X^2=4.454>0.05(9.49)$$

(d). **Impact of RRBs on the Living Standard – Category- wise:** Impact of the RRBs on the living standard of the loanees has been shown in the table 5 it is evident from the table that all scheduled tribe loanees and almost half of General and 45 percent OBC loanees are fully satisfied with the role of RRBs in improving their living standard whereas, half of the scheduled Caste and one third of the OBC category loanees are satisfied to some extent. However, 22 percent OBC loanees do not find any impact of RRBs in improving their living standard. Since the calculated value of chi-square is less than the table value at 5 percent level of significance which shows that there is a significant relationship in the category and the level of satisfaction as far as improvement in living standard is concerned.

Table 5: Impact of RRBs on Living Standard: Category- wise.

Impact Category	Very Satisfactory		Satisfactory		Not Satisfactory		Total	
	No	%	No	%	No	%	No	%
General	22	49.00	11	24.00	12	26.00	45	100.00
SC	07	33.00	11	52.00	03	15.00	21	100.00
ST	03	100.00	-	-	-	-	03	100.00
OBC	18	45.00	13	33.00	09	22.00	40	100.00
Total	50	46.00	35	32.00	24	22.00	109	100.00

$$X^2 = 7.80 > 0.05(12.6)$$

(e). **Impact of loan on Living standard: Family Type:** It is noted from the table 6 that 46 percent loanees are fully satisfied as far as the role of RRBs in improving their living standard is concerned, whereas 32 percent loanees are satisfied to some extent. Loanees of nuclear families have been found more satisfied as compared to loanees of joint families. Calculated value of chi-square is less than the table value at 5 percent level of significance. It leads to the conclusion that there is no difference in the opinion of the loanees from nuclear and joint family over the impact of loan facilities (RRBs) in improving their living standard.

Table 6: Impact of RRBs on Living Standard: Family Type.

Impact Family Type	Very Satisfactory		Satisfactory		Not Satisfactory		Total	
	No	%	No	%	No	%	No	%
Nuclear	35	46.00	23	30.00	18	24.00	76	100.00
Joint	15	45.00	12	37.00	06	18.00	33	100.00
Total	50	46.00	35	32.00	24	22.00	109	100.00

$$X^2 = .588 > 0.05(5.99)$$

B. Reasons for Availing Loan from RRBs

As institutional finance is inadequate in rural areas and rural population is in the shackles of debt and bondage. The commercial banks are closing down rural branches and concentrating on profitability rather than service to the rural poor. Organized lending through government institutions is to be reinforced to help the rural people to recover from debt and poverty and improve employment and productivity. In this context, the RRBs are specially suited to work solely in the rural areas to channelize funds and monitor regional development.

(a) **Reasons for Availing loan from RRBs: Gender wise:** There are many financial institutions from where people can get loan. What additional benefits rural people are getting from RRBs in comparison to money lenders and commercial banks? Table 7 throws light in this regard. There are 44 percent female loanees in comparison to 29 percent male loanees who feel that rate of interest male in comparison to 08 percent female feel that RRBs have motivated them to develop the habit of saving. Further, it is concluded that there is a significant relationship between male and female as far as benefits from RRBs are concerned. Half of the loanees irrespective of their gender believe that they are being benefited from RRBs.

Table 7: Reasons for Availing loan from RRBs: Gender wise.

Source Gender	Less Rate of Interest		Loan for all Purposes		Mobilize Rural savings And easy approach		Total	
	No	%	No	%	No	%	No	%
Male	19	42.00	19	42.00	07	16.00	45	100.00
Female	31	48.00	16	25.00	17	26.00	64	100.00
Total	50	46.00	35	32.00	24	22.00	109	100.00

$$X^2 = 11.71 > 0.05(5.99)$$

(b). Reasons for Availing loan from RRBs: Education-wise: Table 8 reveals that majority of the illiterate loanees (46 percent) believe that the rate of interest charged by RRBs is less as compared to money lenders whereas, equal number of illiterate a loanees feel that they get loan from RRBs for different purposes. While majority of the literate loanees have preferred loan from RRBs due to the less rate of interest, whereas, loanees having qualification upto 10+2 level, preferred loan from RRBs due to less rate of interest and variety of the loaning facilities offered by RRBs. Half of the graduate loanees feel that RRBs have inculcated the habit of mobilizing saving among the rural masses. Since the calculated value of chi-square is much greater than the table value at 5 percent level of significance which shows that there is a significant relationship between the education backgrounds of the loanees and reasons for preferring RRBs.

Table 8: Reasons for Availing loan from RRBs: Education wise.

Benefits Education level	Less Rate of Interest		Loan for all Purposes		Mobilize Rural savings And easy approach		Total	
	No	%	No	%	No	%	No	%
Illiterate	22	46.00	21	45.00	04	09.00	47	100.00
10 th	12	29.00	24	58.00	05	12.00	41	100.00
10+2	06	50.00	06	50.00	-	-	12	100.00
Graduate	01	12.00	03	38.00	04	50.00	08	100.00
Post-Graduate	-	-	01	100.00	-	-	01	
Total	41	38.00	55	50.00	13	12.00	109	100.00

$$X^2 = 28.07 > 0.05(15.5)$$

(c). Reasons for Availing loan from RRBs: Category –wise: Reasons for preferring loan from RRBs according to the category of loanees has been shown in table 9 it is observed from the table that majority of the general category (47 percent) loanees prefer loan from RRBs as they feel variety of the loaning facilities, whereas 29 percent loanees from general category preferred loan from RRBs due to charging less rate of interest. Similarly majority of the SC (57 percent) loanees have preferred loan from RRBs due to the wide range of loaning facilities whereas, 33 percent SC loanees have taken loan from RRBs due to the less rate of interest. Majority of ST (67 percent) loanees prefer loan from RRBs due to the less rate of interest. Among the OBC loanees, 52 percent prefer due to the less rate of interest. Since the calculated value of chi-square is greater than the table value at 5 percent level of significance. It shows that there is a significant relationship between the various categories of loanees and reasons given by them for preferring RRBs.

(d). Reasons for Availing loan from RRBs : Occupation-wise: Table 10 shows that among the agriculturist loanees, 58 percent have preferred to take loan from RRBs due to the wide range of loan schemes offered by the bank in comparison to 63 percent loanees in government job, 51 percent horticulturists and 42 percent loanees engaged in business activities. All the loanees whose main occupation is live storck, have preferred to take loan from RRBs due to the less rate of interest. Since the calculated value of chi-square is almost equal to the table value,

hence, it can be concluded that reason for preferring RRBs in comparison to money lenders are not associated with the occupation of loanees.

Table 9: Reasons for Availing Loan from RRBs: Category-Wise.

Benefits Category	Less Rate of Interest		Loan for All Purpose		Mobilize rural Savings		Total	
	No	%	No	%	No	%	No	%
General	13	29.00	21	47.00	11	24.00	45	100.00
SC	07	33.00	12	57.00	02	10.00	21	100.00
ST	02	67.00	01	33.00	-	-	03	100.00
OBC	19	48.00	21	52.00	-	-	40	100.00
Total	41	38.00	55	50.00	13	12.00	109	100.00

$$X^2=28.291>0.05(12.59)$$

Table 10: Reasons for Availing Loan from RRBs: Occupation –Wise.

Benefits Occupation	Less Rate of Interest		Loan for All Purpose		Mobilize rural Savings		Total	
	No	%	No	%	No	%	No	%
Agriculture	07	37.00	11	58.00	01	05.00	19	100.00
Govt. Service	07	37.00	12	63.00	-	-	19	100.00
Artisans/Business	18	47.00	16	42.00	04	11.00	38	100.00
Livestock	02	100.00	-	-	-	-	02	100.00
Horticulture	07	23.00	16	51.00	08	26.00	31	100.00
Total	41	38.00	55	50.00	13	12.00	109	100.00

$$X^2=15.32>0.05(15.5)$$

(e). **Reasons for Availing loan from RRBs : Family Type:** Table 11 shows the benefits loanees have derived according to their family type, more than that half of the loanees from joint families preferred loan from RRBs due to wide range of loaning facilities offered by bank in comparison to half of the loanees from nuclear families whereas, 39 percent loanees from joint families preferred loan from RRBs in comparison to 37 percent loanees from nuclear families due to the less rate of interest. Further, there are 13 percent loanees from nuclear family who have been benefited from RRBs as they feel that RRBs has inculcated the habit of saving. Chi-square value is less than the table values at 5 percent level of significance. Hence, it concluded that there is no significant relationship between joint and nuclear families as far as reasons for preferring RRBs is concerned.

Table 11: Reasons for Availing Loan from RRBs: Family Type wise.

Benefits Family Type	Less Rate of Interest		Loan for all Purposes		Mobilize Rural Savings		Total	
	No	%	No	%	No	%	No	%
Nuclear	28	37.00	38	50.00	10	13.00	76	100.00
Joint	13	39.00	17	51.00	03	10.00	33	100.00
Total	41	38.00	55	50.00	13	12.00	109	100.00

$$X^2=2.321<0.05(5.99)$$

IV. REASONS FOR NOT MAKING TIMELY PAYMENT OF LOAN

Various reasons which have been put forth by the defaulters for not making timely payment of loan are shown in table 12. Table depicts that 42.86 percent defaulters could not repay the loan well in time because of low return from the crop. Further, 35.72 percent defaulters who could not repay the loan well in time as they have diversified the loan for other purposes, whereas, 21.42 percent defaulters could not make timely payment of loan because of unfavorable climate.

Table 12: Reasons for Not Making Timely Payment of Loan.

Responses	Loanee	% age
Reason		
Unfavorable Climate	3	21.42
Low Return from the Loan Bases Activity (Crop)	6	42.86
Diversification of loan for other purposes	5	35.72
Total	14	100

A. Fully Utilization of Credit and Timely Availability of Loan

Table 13 depicts that majority of the loanees (87.16%) have properly utilized the loan for the purpose which it was raised, whereas 12.84 percent loanee could not utilize the loan properly because of unfavorable climate. Low return from the loan based activities and diversification of loan for other purposes. There are 78.89 percent loanees who have received loan well in time, whereas 21.10 percent loanees could not get loan well in time.

Table 13. Timely Availability of loan and Fully Utilization of Credit.

Responses	Yes		No		Total	
	No	% age	No	% age	No	% age
Fully Utilization of Loan	95	87.16	14	12.84	109	100.00
Timely Availability Of loan	86	78.89	23	21.10	109	100.00

V. CONCLUSION

Most of the loanees have preferred the bank because of the wide range of facilities and at lower rate of interest. Half of the loanees feel that RRBs has play a key role in improving their living standard. Female loanees have been found more satisfied as compared to male loanees. Similarly illiterate loanees are found more satisfied comparison to literate loanees. Majority of the borrowers have fully utilized the credit for the purpose for which it was raised, where as few of them used the credit for other purposes. Repaying capacity of the female loanees has been found more than literate Loanees. Half of the loanees feel that RRBs has played a key role in improving their living standard. Female loanees have been found more satisfied in comparison to literate loanees. General category loanees are found less satisfied as far as role of RRBs in improving their living Standard is concerned, though general category loanees from nuclear families are found more satisfied Hence it can be concluded that the HGB has achieve its objective to some excellent. As the study show that the demand for funds in rural area has increased, Yet the performance of the existing branches can be regarded as satisfactory in terms of then contribution towards the credit to priority sectors and productivity of the bank has played an important role to increase the productivity. Although bank is doing every possible effort to improve the satisfaction of the customers but more effort should be done in rural and unbanked areas.

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