



THE IMPACT OF FINANCIAL GLOBALIZATION ON INDIAN FINANCIAL MARKET: A CASE STUDY OF REGIONAL RURAL BANK

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ABSTRACT

The RRBs were set up in India under the RRB Act, 1976 with a view to build up the provincial economy by giving, with the end goal of improvement of agribusiness, exchange, trade, industry and other beneficial exercises in the country zones, credit and different offices especially to little and peripheral ranchers, farming workers, craftsman's and little business people and for issues associated there with and coincidental thereto. In the underlying stages amid the 1980s, RRBs were viewed as basically taking into account the BPL populace by loaning to them towards meeting their venture needs. Yet, after the obligation waivers of the mid 1990s, the reimbursement issues of the country saving money framework started to be amplified with a consequent withdrawal in the stream of credit to little borrower accounts through the saving money framework. The recapitalization of RRBs amid 1994-2000, alongside a reorientation towards productive working reestablished the fortunes of RRBs. From there on the procedure of amalgamation which was begun in 2005 has brought about the quantity of RRBs being brought down from a pinnacle of 196 to 57 toward the finish of 31 March 2014. The researcher had made a modest attempt in this article to understand the impact of Financial Globalization on Indian financial market with the reference of Regional Rural Banks (RRBs) in the two main district of Uttar Pradesh.

Keywords:- RRB, Regional Rural Bank, Globalization, Financial, Economy, India, Uttar Pradesh etc.

1. INTRODUCTION

The beginning of the RRBs can be followed to the requirement for a more grounded institutional plan for giving country credit. The dispatch of local rustic banks (RRBs) can be viewed as an interesting investigation and involvement in enhancing the adequacy of provincial credit conveyance system in India. RRBs have been in presence for around four decades with the target of extending the effort of the keeping money framework to serve particular populace fragments. A RBI Working gathering under M. Narasimham conceptualized the making of RRBs in 1975 as another arrangement of privately situated banks serving provincial zones, which

would consolidate the vibe and recognition of rustic issues normal for cooperatives with the polished skill and expansive asset base of business banks. An exertion was made to incorporate business saving money inside the expansive strategy push towards social managing an account keeping in see the neighborhood conditions with joint offer holding by Central Government, the concerned State Government and the supporting banks. In this manner, the RRBs were set up through the declaration of RRB Act of 1976 with their value held by the Central Government, concerned State Government and the Sponsor Bank in the extent of 50:15:35. In this

manner, RRBs should advance as particular provincial budgetary organizations for building up the rustic economy by giving credit to little and minor ranchers, agrarian workers, craftsman's and little business people.

Throughout the years, the RRBs, which are seen and have turned into a kind of indistinguishable piece of the country credit structure? They have assumed a key part in rustic institutional fund as far as topographical scope, customer base effort and business volume as additionally commitment to advancement of the provincial economy. An exceptional component of their execution particularly finished the previous three decades or so has been the monstrous development of their retail arrange in country zones. Be that as it may, up and down this procedure the feasibility of RRBs remained a test, and their asset reports stayed feeble, requiring measurements of capitalization.

Rustic improvement possesses a huge place in the general financial advancement of the nation. Gandhi stated, "India lives in towns". He focused on the rustic character of the economy and the requirement for recovery of country life. Since freedom, it has been the consistent undertaking of our approach producers to give satisfactory push to rustic improvement, as the part is straightforwardly identified with horticulture – still the pillar for most of the number of inhabitants in India. The concentration has never moved from building up the nation's immense tracts of rustic grounds. It should grasp every one of the goals of enhancement and improvement of the general nature of provincial life through proper advancement of labor assets, framework offices and vocation. In any case, country improvement arranging is an exceedingly intricate and complex subject which needs a multidimensional approach, in which different parts, for example, horticulture, industry, training; social life, culture and social equity must be dealt with. Thus, numerous rustic improvement programs have been created like Integrated Rural Development Program (IRDP), Training of Rural Youth

for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA) and so forth.

Notwithstanding, it was discovered that these projects did not deliver the normal constructive changes in the life of country individuals (Shete 1999). So the Government of India outlined and executed another program Swarnajayanthi Gram Swa Rozgar Yojana (SGSY) in 1999 supplanting IRDP and its united plans like Training of Rural Youth for independent work (TRYSEM), Development of ladies and kids in Rural Areas (DWCRA), Supply Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) and Millions well plan (MWS) for destitution destruction and provincial business age. The plans of Jawahar Grama Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) were additionally converged with the SGSY. Alongside this, the Government likewise propelled different plans like Pradhan Manthri's Grama Sadak Yojana (PMGSY), Prime Minister's Rozgar Yojana (PMRY) and so forth; for the improvement of country individuals. Every one of these plans are presented with the monetary help of Commercial Banks (CBs). In any case, the offer of Non Performing Assets (NPAs) in advances to the aggregate NPAs of CBs under the administration supported projects is demonstrating a rising pattern in the nation (Pagaria and Yadav 2001). So it is very suspicious, regardless of whether these plans have enhanced the monetary guidelines of agriculturists, particularly little and minor ranchers, who constitute a lion's share of provincial masses.

From a humble start of 6 RRBs with 17 branches covering 12 locales in December 1975, their number developed into 196 RRBs with 14,446 branches working in 518 areas the nation over. By March 2004 RRBs had a substantial branch organize in the provincial regions conforming to 43 for every penny of the aggregate country branches of business banks. The rustic introduction of RRBs was impressive with provincial and semi-urban branches constituting more than 97 for every penny of their branch organize. The development

in the branch arrange empowered the RRBs to extend keeping money exercises in the unbanked regions and activate provincial investment funds.

To address worries about the feasibility of RRBs, in 2001 RBI constituted the Dr V S Vyas Committee on "Stream of Credit to Agriculture and Related Ac the significance of RRBs in the rustic credit framework and the choices for making them suitable. A few different boards of trustees additionally proposed the production of reasonable RRBs through a procedure of amalgamation. The solidification procedure hence was started in the year 2005 as an off-shoot of the Vyas Committee proposals. The main period of amalgamation was started Sponsor Bank-wise inside a State in 2005 and the second stage was over the Sponsor banks inside a State in 2012. The procedure was started with a view to give better client benefit through enhanced foundation, computerization, experienced work constrain, basic exposure and showcasing endeavors, and so forth. The amalgamated RRBs additionally advantage from bigger territory of operation, upgraded credit presentation limits for high esteem and assorted managing an account exercises. Because of amalgamation, the quantity of the RRBs has decreased from a pinnacle of 196 to just 64 as on 31 March 2013. The quantity of branches of RRBs, notwithstanding, expanded to 17,856 as on 31 March 2013 covering 635 areas all through the nation. The procedure of amalgamation has proceeded and there were 57 RRBs amalgamated bank-wise at the state level starting at July 2014.

The RRB Act which was being considered by the parliamentary standing advisory group on fund has been passed in April 2015. The revisions in that are gone for expanding the pool of financial specialists to tap capital for RRBs. Hence government is investigating another class of financial specialists out in the open area banks. Government has additionally been trying different endeavors to make RRBs a beneficial foundation by imbuing new capita, enabling RRBs to loan for business ventures, consortium fund, remote money, and

protection business on referral premise. RRBs are additionally moving towards CBS for adequacy and to expand the client base. All RRBs are as of now on the CBS stage. As a methodology to progress money related incorporation in the nation the RRBs by and by have attempted a forceful branch development program, RRBs opened 913 and 947 new branches amid 2011-12 and 2012-13 individually. Amid 2013-14, the RRBs have opened 438 branches taking the combined number of branches to 19,082 as on March 31, 2014. The temporary monetary consequences of RRBs for the year 2013-14, demonstrates that all of 57 RRBs have earned benefits conglomerating INR 2,833 crores, indicating great budgetary recuperation. Nevertheless it has additionally been contended that there has been mission float in their working since their initiation.

The quick development of RRB has without a doubt helped in lessening significantly the local variations in regard of keeping money offices in India. The endeavors made by RRB in branch extension, store activation, rustic advancement and credit sending for weaker segments of provincial regions are generous and far reaching. RRBs have to a great extent been fruitful in taking managing an account to country families, especially in keeping money denied provincial territories, and to make accessible simple and less expensive credit to weaker rustic segments who have been generally subject to private banks; to support provincial investment funds for profitable exercises; and encouraging venture and business, while in the meantime cutting down the cost of credit in country regions. Consequently RRBs have assumed a huge part in fortifying the saving money arranges in India. In any case, regardless of every one of these endeavors and the current presentation of new specialty banks, it could be tested whether RRBs are assuming the part for which they had been framed.

2. REVIEW OF LITERATURE

Various examinations have been embraced on need segment progress and rustic or agrarian credit by academicians; look into organizations, banks and

governments. Basu (1970) analyzed the part of Commercial Banks (CBs) in the arranged economy of India after nationalization. The investigation depicted how the CBs entered another period of 'mass' managing an account in lieu of 'class' keeping money in the post nationalization time. The examination obviously uncovered that CBs gained astounding ground in the field of agrarian back.

Jain (1972) in his Ph.D work endeavored to test into the part and working of CBs in India. The examination likewise inspected the topic of how social control on banks initiated CBs in financing ignored parts of the economy. The examination uncovered that since 1968, there had been an adjustment in the state of mind of banks towards rural credit and that the offer of agribusiness credit in the aggregate progress had begun rising.

Jain (1973) in his investigation of nationalized banks and country credit in Bhilwara District in Rajasthan found that there was gigantic deferral in preparing of advance applications and defilement in these establishments.

Jussawala (1976), in his examination, called attention to that with the presentation of 20 point financial program, banks were given characterized part/obligation in the upliftment of weaker segments of the general public and in the coordinated development of economy.

Padhy (1980) basically inspected the rustic advancement explore in connection to Indian CBs and furthermore examined the issues emerging out of their essence in country zones and conceivable arrangements from various plots for the truly necessary improvement and modernization of the provincial part in India.

Sarkar (1983) influenced an endeavor to think about the association of managing an account part in need division to progress amid the period 1969 – 1982. He inferred that banks ought to react decidedly to the changing national strategies and needs to accomplish development and circulating social equity.

An investigation directed by the Kerala State Planning Board (1983), with respect to IRDP uncovered that exclusive 14 percent of recipients could cross the destitution line of Rs.3500/ - per annum. It was additionally uncovered that by the undue significance given to horticulture and unified projects, uneconomic possessions, misutilization of assets, delay in conceding advances and absence of portrayal of nearby bodies and financing offices in arranging and execution of the program were the variables in charge of the inability to achieve the coveted and foreordained objectives of the program.

Kuttikrishnan (1984) in his investigation of IRDP in a town in Kannur area in Kerala found that lone 20 percent was qualified for help under the plan. The examination additionally uncovered that borrowers abused the reserve got. The examination presumed that the program bombed in raising the wage levels of recipients who were beneath the neediness line.

The examination directed by Nair and *Nair (1984)* drew out the way that the objective of IRDP was settled for the entire nation without considering the shifting financial conditions and the extent of neediness in various areas or state. The examination demonstrated that the vast majority of the recipients were not qualified for the plan since they were over the stipulated wage level at the season of choice for help.

Administration of India, Department of Rural Development (1986) led an examination on IRDP covering 36 areas all finished India and found that lone 5 percent of the recipients had crossed the neediness line. The examination watched that next to no accentuation was given to the approach for the execution of the program and that successful preparing was not given to the staff at the locale level and the square level for its usage. Subsequently, the program and its rules were wrongly translated by numerous and were not successfully executed.

James (1986) in his examination found that lone 18 percent of the borrowers abused the credit allowed by the North Malabar Gramin Bank (NMGB) to different financial exercises. The installment execution of the loanees demonstrated that most of the defaulters had a place with the 'dairy plot' trailed independent from anyone else work and business plans.

National Institute of Banking Management (1986) made an endeavor to break down the patterns and examples of investment funds stores in India, in an overview led on 90,000 family units. The investigation detailed that the present bank store preparation plans had not yet achieved the uneducated and those whose instruction was underneath the essential level. This demonstrates saving money is to a great extent the propensity for instructed individuals. The investigation proposed that it was fundamental to decide and actualize potential procedures to achieve these gatherings.

Ramachandran (1987) in his doctoral exposition, made an endeavor to contemplate the part of business banks in country advancement. He found that the extent of bank help was not satisfactory and the deferral in endorsing credit brought about high cost of obtaining. He additionally found that usage of credit is high in essential part. He presumed that bank help has helped greater part of provincial individuals to expand their pay and work and proposed to build the size of back, improve the documentation conventions and lessen delay in giving and dispensing of credits.

Thingalaya (1987) has, in his work, gained an endeavor to survey the ground made by the Indian saving money framework amid the period 1947 - 87.

Pavithran (1988) has, in his doctoral thesis, gained an endeavor to contemplate the ground of working of monetary foundations in Kerala and their part in helping borrowers in producing salary and business and in changing their societal position. He found that borrowers of high-pay assemble profited of better money related help from monetary organizations in light

of their high ground in instruction, arrive property, occupation and so on. His investigation uncovered that larger part of borrowers produced wage and enhanced social conditions subsequent to obtaining. His report likewise uncovered the deficiency of wage of the lower pay bunches for their advance reimbursement. He recommended to disentangle the advance method, lessen the cost of getting, and to change the reimbursement calendar to coordinate with expected come back from the plans.

Rasih (1993) contemplated the part and elements of PACS and other institutional offices in country zones and furthermore analyzed how far these foundations prevailing with regard to wiping out moneylenders from provincial situation. The examination announced that despite the fact that the part of institutional organizations expanded constantly, the moneylenders had an unmistakable part in provincial zones. The examination inferred that the credit conceded by PACS was deficient for meeting the necessities of individuals.

Veerasekharappa (1995) completed an examination relating to the examples and use of ranch back by institutional organizations. The examination featured that land holding specifically and training to some surviving, were the administering components of openness to credit and resulting overdues. Postponements and defilements were a typical wonder in the conveyance of institutional fund. As the rate of recuperation was under 60 percent, overdues as an extent of exceptional sums were around 25 percent.

3. STATEMENT OF THE PROBLEM

Advancement and globalization introduced by the Government in the mid 1990s have tossed open numerous difficulties to the Indian budgetary segment (Ranjanakumar 2003). The saving money and budgetary segment changes, which were presented in the nation as a component of the general monetary changes is affirmed to have exacerbated the country credit condition. To cite "the simple aggregate disregard of

rustic credit by strategy producers amid the period 1991-96 is to a great extent owing to the unfriendly condition made by the money related segment changes" (Majumdar 1999). One of the suggestions of the Narasimham Committee selected by RBI in 1991 on money related framework is that the objective of bank credit to need divisions ought to be downsized from 40 percent to 10 percent of net bank credit. Despite the fact that the RBI did not acknowledge this proposal, the mentality of open division banks changed in a general sense and they began defaulting happily on need area progress (Majumdar 1999, 2000). The offer of need segment progresses declined from almost 41 percent in 1990-91 to 37 percent in 1995-96 (Majumdar 1999). The preparatory examination additionally demonstrates that despite the fact that Priority Sector Advance (PSA) of SCBs expanded from Rs. 42,915 crores in 1990 - 91 to Rs.263834 crores in 2003-04, a six time increment in sum, its offer to net bank credit has really declined from 39.3 percent to 34.5 percent amid an indistinguishable period from against the objective of 40 percent. Further, the concessional help given by RBI through National Agricultural Bank for Rural Development (NABARD) was pulled back and the sum so spared was redirected to connect the spending hole of the administration, rather than using in the need segment. RRBs and Co-agent Banks likewise changed over to put resources into non target roads like offers and debentures of organizations, units of common assets, obligations of open part endeavors and so forth, which brought about a switch stream of assets from rustic to urban area.

OBJECTIVE OF THE RESEARCH PAPER

The reason for this approach paper is to comprehend RRB's command and their part in contributing in money related consideration in India. Essentially, aside from the typical take a gander at execution and scope particularly as to Financial Inclusion(FI) and the advance and interest the Prime Minister's Janna(PMJDY),Dhanitis intended Yojato find out basically from the RRB authority how they see their part in the present and

rising money related design, what are the exceptional issues, what is the sort of help they are getting and they might want to get from support banks and other government organizations in seeking after their part, and what particular strategy recommendations they might want to offer to RBI/GOI towards their successful working.

Featured beneath are a portion of the expansive destinations and issues canvassed in the paper. Example of loaning for RRBs, i.e. dispersion of portfolio including NPAs Assessment of advance made by the RRB under PMJDY with most recent information Evaluate the status/eagerness of the current RRBs keeping money structure for monetary incorporation under Jan Dhan Yojana.

The general goal of the examination is to assess the effect of managing an account and money related area changes on the provincial credit conveyance framework. Under this wide goal, the investigation has the accompanying particular targets:-

1. To assess the effect of managing an account division changes on stores and credits, need segment progress and farming credit of planned business banks in India.
2. To examine the effect of saving money area changes on stores and credits, need segment progress and horticultural credit of booked business banks in Kerala.
3. To recognize the issues looked by banks in need segment progress and government plans loaning.
4. To discover the state of mind of bank chiefs towards need area progress and government plans loaning.
5. To analyze the demeanor of bank directors towards Banking Sector Reforms.
6. To evaluate the level of help of the bank directors towards managing an account division changes.
7. To plan proposals.

4. HYPOTHESES

1. There is no huge distinction in the rate of development sought after, time and aggregate store of planned business banks in pre and post change periods.
2. The rate of development in credit of planned business banks isn't altogether unique in pre and post change periods.
3. There is no huge change in the rate of development in need area progress, agrarian loaning and SSI progress of planned business banks in pre and post change periods.
4. There is no huge contrast in the rate of development in advances to peripheral, little and extensive agriculturists in pre and post change periods.
5. There is no huge contrast in the rate of development of stores and credits of booked business banks in Kerala in pre and post change periods.
6. There is no huge contrast in the rate of development of stores and credits of planned business banks in Kerala when contrasted with national level.

5. SIGNIFICANCE OF THE STUDY

Rustic credit conveyance framework has an essential part in provincial improvement of the nation. Starting with the Co-agent credit structure, trailed by country branches of business banks and after that the RRBs, the institutional structure has developed and extended amid the most recent a long time since freedom. Despite these development programs, a substantial portion of the rustic economy is still past the compass of the sorted out business banks. (Joshi 1998(b)). The offer of business banks in the aggregate renegotiate on concessional terms is just around 18 percent, which demonstrates the requirement for expanded investment of these banks in the regressive zones.

As specified before, keeping money division changes have made grave issues in the country credit. No genuine

endeavors have been made by provincial credit organizations in activating rustic stores and they neglected to oblige the genuine needs of the country individuals, particularly the center and poor class. So even now, the standard individuals are outside the circle of the composed establishments and they are in the grasp of moneylenders (Joshi 1998(b)). The unsupportive mentality of business banks, high exchange cost, over levy disorder, non-reasonability and NPA angles have made a matter of genuine discourse among the general population, identifying with the part of the composed monetary foundations in provincial improvement (Joshi 1998(b)). No arrangement of arranging is productive unless sufficient significance is given to country area and rustic credit framework. An incorporated provincial improvement is the need of the day. The managing an account division changes are required to give sufficient help to maintainable advancement in the rustic segment. As Majumdar says, "saving money changes don't just mean ATMs, computerization of treasury operations, Visas, NRI branches, and maybe managing in securities. They additionally include loaning to the gainful areas, need parts, and little borrowers. Creating reasonable credit organizations and giving credit to the provincial poor inside the parameters of the wide destinations of destitution mitigation is a settled improvement strategy" (Majumdar 1999). How far these changes add to provincial improvement involves genuine talk at display. So it is basic to assess the effect of these changes on the provincial credit conveyance framework. Here an endeavor is being had to assess the effect of Banking Sector Reforms on the working of planned business banks. The discoveries of the examination may enable strategy producers to like the Government, RBI, NABARD and so on., and provincial credit establishments particularly SCBs in taking different measures for reviving rustic credit which is so fundamental for the improvement of the nation.

6. SCOPE OF THE STUDY

Local Rural Banks have been assuming a key part as an imperative vehicle of credit conveyance in rustic regions with the target of credit dispersal to little, peripheral ranchers and socio monetarily weaker segment of populace for the improvement of horticulture, exchange and industry. Be that as it may, their business feasibility has been addressed because of their constrained business adaptability, littler size of advance and high hazard in advances and advances.

In spite of the fact that RRBs had a quick extension of branch system and increment in volume of business, these foundations experienced a troublesome developmental process. A portion of the issues with the working of RRBs have been distinguished as:

- ✓ Constrained zone of operations
- ✓ High hazard because of presentation just to the objective gathering
- ✓ Mounting misfortunes due to non-suitable level of operations in branches situated at asset poor territories
- ✓ Substantial dependence on support banks for venture roads
- ✓ Weight of government endowment plans and lacking learning of clients prompting low quality resources
- ✓ Unionized staff with low responsibility regarding benefit introduction and practical productivity
- ✓ Deficient abilities in treasury administration revenue driven introduction
- ✓ Deficient introduction and abilities to improve items constraining the loaning portfolios

- ✓ Deficient push to accomplish wanted levels of greatness in staff fitness for dealing with the undertakings and business as a free substance

It is likewise felt that rustic banks are portrayed by an absence of straightforwardness in their operations which prompts unequal connection amongst financier and client with numerous provincial clients additionally unfit to benefit keeping money offices at the current branch areas. In this aggressive time, RRBs would need to focus on rapid, subjective and secure saving money administrations to hold existing clients and pull in potential clients. While a few answers are being found in the new budgetary consideration methodology different issues stay alongside crisp difficulties postured by the developing money related design.

7. RESEARCH METHODOLOGY

The policy paper is based on primary and secondary data on Regional Rural Banks in India. It includes: Visits and structured interviews with RRB leadership and line managers in PSIG states of U.P. and Bihar and other well-performing RRBs in Andhra Pradesh and Karnataka focusing on their role and challenges for financial inclusion and policy issues. Interviews/consultations with NABARD, Sponsor Banks, and sector experts. Secondary literature, including studies and policy documents from various official sources such as RBI, DFS, NABARD, etc. apart from research studies of independent scholars and agencies.

Policy discourse around the emerging financial architecture in its significance for the RRBs Latest data on RRBs outreach and performance from RBI and DFS.

A few case studies of successful innovations of RRBs operating in India.

8. DATA AND METHODOLOGY

The study is both empirical and analytical. Both primary and secondary data have been collected for the purpose of study and analysis.

Secondary data

Secondary data have been collected from published and unpublished records of Government Departments, RBI, Lead Bank Offices, branches and regional offices of commercial banks and NABARD office. Data were also obtained from various publications of RBI like RBI Bulletin, Annual Reports of RBI, Handbook of Statistics on the Indian Economy, Banking Statistics - Basic Statistical Returns, Report on Trend and Progress of Banking in India and Report on Currency and Finance. Data were also obtained from the publications of Central and State Governments like Economic Survey, Census Reports, Economic Review and Survey Reports on Indian Agriculture and various committee reports relating to agriculture and rural credit. Annual credit plans of Lead Banks and State Level Banker's Committee (SLBC) Reports were also used for data collection. Data were also obtained from various periodicals like Yojana, Kurushetra, Prajanan, Economic and Political Weekly, Southern Economist, and Economic Challenger and from NABARD office.

Primary Data

Primary data have been collected from managers of selected bank branches of SCBs in agra and mainpuri districts regarding their branch participation in priority sector Advance, perception towards PSA, problems in PSA and government schemes lending, attitude towards BSRs and the level of support extended to BSR measures. The field survey was conducted with a structured

questionnaire. It was personally administered by the researcher.

Sample Design

A multi-stage sampling technique was designed for the study. In the first stage, two districts in UP were selected - one forward district and one backward district for a comparative study. The two neighboring districts Agra and Mainpuri were conveniently selected for the study. The list of scheduled commercial bank branches functioning in the two districts was collected from lead bank offices.

In the second stage SCB branches were selected from the different administrative blocks excluding metropolitan banks. The block classification consists of rural, semi urban and urban areas, where the SCB branches are functioning. The bank branches functioning in the Cochin city were not included in the source list as the study is mainly focused on rural credit. There are 455 SCB branches in mainpuri District. Among these 265 bank branches are functioning in 15 blocks of the district consisting of 163 PSBs and 102 private sector bank branches, which were taken into account for preparing source list, as these banks are included in Service Area Approach (SAA) of the RBI and are functioning in rural and semi urban areas. In agra District, there are 96 branch offices of SCBs, of which 66 are PSB branch offices and 30 are private sector bank offices, functioning in 8 blocks. Out of 265 bank branches in Mainpuri District, 65 branches were selected-40 PSB branches and 25 private sector bank branches. Twenty-five bank branches were selected from agra District consisting of 16 PSBs and 9 private sector branches. Thus, the total sample of 90 branch offices amounted to 25 percent of the total units (361) in the source list (Table1.1).

Table 1.1: Sample Units

Districts	Total Units			Sample Units		
	Public Sector banks	Private Sector banks	Total	Public Sector banks	Private Sector banks	Total
Mainpuri	163	102	265	40	25	65
Agra	66	30	96	16	9	25
Total	229	132	361	56	34	90

Reliability Test

The concept of reliability refers to how accurate, on the average; the estimate of the true score is in a population of objects to be measured (Singh 1986).

Guthman Split Half test was applied to know the reliability of the statements and questions incorporated in the questionnaire.

In this research Protocol Analysis is used to ensure reliability of responses. It is a rigorous methodology for eliciting verbal reports of thought sequences as a valid source of data on thinking. In this, subjects are asked to “think aloud”, leading to a new type of verbal reports of thinking. It is an important technique to ensure reliability of responses given in the questionnaire (Ericsson and Simon 1993, Hair et. al; 2003).

Ten statements were used to evaluate the attitude of bank managers towards priority sector advance and their reliability was tested and the values obtained were 0.5632 and 0.4887. Ten problems related to priority sector advance were identified and their reliability was also tested. The values obtained were 0.7569 and 0.4192. In evaluating government schemes lending (GSL), eleven problems were identified and their reliability was tested. The values obtained were 0.7155 and 0.6588. To know the attitudes of the bank managers towards banking sector reforms introduced, eight statements were incorporated and their reliability also was tested and the scores obtained were 0.3298 and 0.4877. To evaluate the level of support towards banking sector reforms thirteen statements were used and their reliability was tested. The reliability scores obtained were 0.5689 and 0.6533.

Tools of Analysis

The data collected were analyzed with the help of mathematical and statistical tools like Average, Percentage, Ratios, Weighted scores and ranking, Exponential growth rates, Likert analysis, Gutman Split – half technique, t test, F test, ANOVA, Chow test and Multi dimensional scaling(MDS). Annual growth rates were computed to know the growth of deposits and credits of SCBs. Ratios were used to evaluate credit deposit position and bank group wise classification of deposits and credits. Percentages of sector wise distribution of branch offices were calculated. Exponential growth rates were calculated during pre and post reform periods in respect of the different variables like deposit, credit, priority sector advance, agricultural advance etc. Chow test was applied to know the significance of change in the exponential growth rates of deposits, credit, priority sector advance and agriculture advance etc. in pre and post reform periods. Multi dimensional scaling was used to know the concentration of different problems in PSA and GSL. Student’s t test was applied to know the difference in the level of support of bank officials towards banking sector reforms. ANOVA test was applied to know the differences in the attitude of the bank managers towards banking sector reforms in different bank groups. Tables, Graphs and Charts were also used to present the data.

9. BANKING AND FINANCIAL SECTOR REFORMS IN INDIA

It is over 10 years since financial changes were presented in India and this is a suitable time to think back for an assessment and to design the future game-plan. The year 1991 is an essential historic point year, as the monetary changes in the nation began from that year. The nation experienced an extreme monetary emergency activated by a genuine adjust of installments position. The emergency was

changed over into a chance to present some basic changes in the substance and way to deal with monetary arrangement. The reaction to the emergency was to set up an arrangement of strategies went for adjustment and auxiliary change. While the adjustment strategies were gone for rectifying the shortcomings, that had created on the financial and adjust of installment fronts, the basic changes tried to expel the rigidities that had gone into the different fragments of the Indian economy.

The way toward changing the character and structure of money related markets has from various perspectives been a worldwide marvel; however the inspirations for improving residential monetary markets have differed from nation to nation. Issues of monetary area progression and change, including components, for example, successful bank supervision, changing managing an account controls, loan cost strategies and so forth., have gotten consideration among creating nations as well as in an extensive number of created nations. The obligation emergency of the mid 1980s, emphasized the move towards receiving measures to give more prominent profundity, liquidity and security to the International Financial Markets. As indicated by the Bank for the International Settlements (BIS), more than 30 governments over the world have needed to help their monetary establishments in trouble in the course of the most recent 10 years and furthermore achieve ensuing changes in their administrative condition and market structure (Rangarajan 1998). The change of the monetary division in the mechanically propelled nations was activated to a noteworthy degree by the globalization of banks and the budgetary markets. The globalization incline started toward the finish of 70s and was affected by components, for example, prohibitive controls on keeping money like Regulation "Q" in the United States. Truth be told, the production of the Eurodollar showcase was maybe an antecedent to formation of more liberated and market driven money related frameworks. Further, the crumple of the Brettenwoods system had introduced a period of gliding trade rates in many nations. The ensuing abrogation of capital controls by a few nations brought about the improvement of solid cross-fringe streams and exchanging. Concurrent innovative advances in the monetary division fortified the data assets of banks, empowering them to offer continuous purchasing and loaning of money related resources, making benefit and misfortune openings for the duration of the day. These patterns were fortified by the development of solid rivalry among establishments, particularly from non-saving money monetary foundations. With the qualification amongst banks and non-banks descending, a few limitations particular to the keeping money area got destroyed.

10. ROLE OF COMMERCIAL BANKS IN RURAL CREDIT

Institutional fund is the soul of present day financial framework without which no framework can survive. In rural improvement additionally its part is essential. Sufficient institutional credit is thought to be the most imperative factor, which if appropriately gave, will go far to put the economy of the agriculturists particularly the little and negligible ranchers on a sound balance (Selvaraj 1998)

The term provincial improvement alludes to a wide exhibit of formative projects went for creating country zones through the production of framework offices to enhance the state of rustic individuals. The very idea of country advancement on the worldwide level had its starting point in the mid seventeenth century in England. A gathering of individuals called 'Quakers' or companions sorted out themselves on the standards of benevolent forfeit.

Schemes for Rural Development

The Government of India has composed and actualized countless for formation of work, destruction of destitution and for guaranteeing general improvement in provincial zones. Business Banks are the principle players in the execution of these plans.

- ✓ Coordinated Rural Development Program (IRDP)
- ✓ Lead Bank Scheme (LBS)
- ✓ Differential Interest Rate (DIR)
- ✓ Little Farmers Development Agency (SFDA)
- ✓ Minimal Farmers and Agricultural Laborers Development Agencies (MFAL)
- ✓ Agriculturists Service Societies (FSS)
- ✓ Swarnajayanthi Gram Swarozgar Yojana (SGSY)
- ✓ Indira Awas Yojana (IAY)
- ✓ PM's Rozgar Yojana (PMRY)
- ✓ Pradhan Manthri's Gram Sadak Yojana (PMGSY)
- ✓ Part of Commercial Banks in Rural Development

Country money related framework is an effective instrument and a pre essential in quickening the formative exercises in provincial territories. It works through two arrangements of foundations in the composed and sloppy divisions (Nair 2000). The disorderly segment comprises of nearby cash loan specialists, landowners, brokers, dealers and so on; in which case no powerful control can be practiced by the administration. They to a great extent work in a self-ruling design with its own particular standards and train. Obviously, the offices in the chaotic area in our towns have still a commanding position in country back (Joshi 1997, Singh et. al; 2001, Jeromi 2002). They charge extreme rates of intrigue and they keep on exploiting the poor provincial masses. The circumstance brought about the development of institutional organizations in rustic credit under the control and heading of the legislature.

RRBs appeared in 1975, based on the proposals of the working gathering headed by Mr. M. Narasimham with a view to give keeping money offices to the country masses and expanding wide assortment of monetary help to the weaker and poorer segments of the rustic group (Naidu 2001). Over the most recent 30 years, RRBs have been dynamic members in programs intended to give credit help to recognized recipients under the new 20 point program, IRDP and other uncommon projects for country improvement. Inside around 2 many years of their being set up RRBs have been liable to close examination by various master advisory groups like Bhandari Committee, Basu Committee, M.L. Dantwala Committee, Agricultural Credit Review Committee (Khusro board of trustees 1989) and M. Narasimham council (Joshi 1997, Mazumdar1998). As on March 31st 2004, there were 196 RRBs in

India with 14433 branches in 516 regions. They activated stores of Rs.50, 000 crores and the remarkable advances remained at Rs.22,000 crores (Valsamma 2004) RRBs likewise confronting various issues. The majority of the RRBs are in misfortunes because of high cost of operations, low profitability and poor recuperation of advances (Toor 1998, Deshpande et. al; 1998; Das 1998, Valsamma 2005).

Banks and Rural Development

It is just as of late that business banks set out on the voyage of provincial improvement bigly. The quantity of business banks has expanded from 187 of every 1981 to 291 out of 2004 .

They are giving short, medium and long haul credits to agriculturists straightforwardly and in a roundabout way. They have been opening branches in until now minimal known zones and have likewise changed their loaning techniques to bring a bigger populace inside their ambit. They gave a noteworthy push to country advancement with various plans like SAA, DIR, LBS, Consortium approach for arrangement of credit, definition of DCPs, Review of Credit Plans and so forth. These plans executed gave a gigantic lift to the legislature supported programs in destitution mitigation, independent work age, trim creation and so on.

Since July 1991, the Indian keeping money division has been seeing extensive variety of changes. The credit arrangement of the RBI goes for giving a bundle of measures to guarantee satisfactory help by the keeping money segment to the restoration of yield in the economy. Under the general stipulation of need area credit of 40 percent of the net bank credit and the sub focus of 18 percent recommended for agribusiness loaning, immediate and backhanded classes of advances to horticulture had been clubbed. Nonetheless, loaning for aberrant horticulture ought not surpass $\frac{1}{4}$ th of the aggregate agribusiness loaning. Advances made by banks to SSIs are dealt with as need division progresses. To guarantee the stream of credit to SSIs it is stipulated that 40 percent of the SSI propels made by each bank ought to go to house, Khadi and town businesses and modest units with interests in plant and apparatus up to Rs.5 lakhs.

As on 30th June 2004, out of aggregate 67,097 branches of SCBs, 32,207 branches were working in country zones, aside from 15,028 branches situated in semi urban regions (SLBC 2004). The RBI, according to its rules on 24th August 1996, set up Local Area Banks (LABs) in the private part with a specific end goal to offer support to country and semi urban reserve funds and to give institutional credit to practical financial exercises in the neighborhoods. Nearby banks should take into account the necessities of the neighborhood individuals and to give effective and aggressive money related intermediation benefits in the regions of operation (Yadav 2005). These advancements, be that as it may, raised the level of hazard being dealt with by the worldwide money related framework. While chance rose, the edges diminished. Reaction to expanding rivalry and diminishing edges came as money related item advancements built especially in order to stay wobbly Sheet.

11. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Rustic advancement has dependably remained the point of convergence of financial improvement of the nation since the start of the arranging period. In the Indian setting, it is a societal issue instead of a monetary issue. The goal of rustic advancement is to advance financial exercises by guaranteeing successful use of country assets, and guaranteeing satisfactory human welfare in the provincial life.

Bank back is an unavoidable factor deciding and encouraging the usage of country assets and financial exercises. The idea of social keeping money was presented by the Central Government in 1960's and significant banks were nationalized and clear directions were given for opening branches in provincial unbanked regions with the unmistakable understanding that banks should go about as a decent companion of rustic individuals.

In any case, it is upsetting to take note of that the BSRs presented in India changed the demeanors of banks and they now give top need to benefit and riches collection. Their cooperation in rustic territories as number of branches, development of stores and credits, and CD proportions declined amid the post change period. The push on farming credit likewise declined. The stream of country stores to urban territories made issue of lack of assets in rustic exercises. So the low CD proportion is a hot issue in the state throughout the previous couple of years. In the meantime, gainfulness of SCBs enhanced extensively in the post change period. In this unique circumstance, the effect of BSRs on the execution of SCBs in rustic credit is broke down.

The destinations of the investigation are to assess the effect of keeping money division changes on stores, progresses, need part advances and agribusiness credit of SCBs in India and UP, to distinguish the issues felt by bank supervisors identifying with need segment advances and government plans loaning, to look at the disposition of bank troughs towards need segment propel, government plans loaning and keeping money part changes and to evaluate the level of help of bank administrators towards managing an account area changes and to figure proposals.

12. CONCLUSION

Strategy choices may not be penny percent productive. Here likewise the impacts of BSRs are not by any stretch of the imagination effortless. There are the two accomplishments and entanglements because of managing an account part changes. On the one side, the change measures rolled out certain positive improvements. The benefit and budgetary soundness of SCBs impressively enhanced, capital base extended, resources quality improved, working costs and NPA level extensively declined. On the opposite side, there are sure entanglements. The utilitarian execution of SCBs declined at the national level in the post change period. The development rate of stores and progresses and the offer of country stores and advances to add up to declined in the post change period. Nonetheless, the offer of metropolitan store and advances to add up to expanded. The all India country CD proportion likewise declined, however the metropolitan CD proportion forcefully expanded.

The compound rate of development in the measure of need area propel, farming and SSI progress likewise declined fundamentally at the national level in the post change period. The compound rate of development in the measure of advances to minor, little and expansive ranchers additionally declined. These demonstrate that a change in outlook has occurred in bank propels, especially in need area progress. Banks need to play safe thus their needs in loaning are coordinated towards new vistas like lodging, vehicles, buyer durables, development and so forth. So the rising needs of farming and industry are getting rearward sitting arrangements.

Rather than the national level outcomes, the stores and advances expanded at higher compound rate in UP in the post change period. Despite the fact that the CD proportion demonstrated a declining pattern, some positive signs is found toward the finish of the post change period. In any case, it is upsetting to take note of that the CD proportion of the UP based private area banks is lower than that

of PSBs, however they have a decent capital base. The compound rate of development in the measure of need division propels expanded, yet the offer of horticulture and SSI progress declined in the post change period. Be that as it may, the state level rates are higher than the national level rates.

In a creating economy like India, social objectives ought to run next to each other with monetary objectives to mitigate neediness by giving credit offices to need division, especially to the weaker areas of the general public. So the practical execution of SCBs should be renewed and reinforced. The sparing – drove SHG-bank linkage program started by NABARD in 1992 as a pilot venture for connecting 500 SHGs to banks, has now been perceived as the biggest and quickest developing small scale bank program on the planet and as on 31 st march 2004, bank credit has been reached out to 10,79,091 SHGs (Yadav 2005). The mission of NABARD is to interface one million SHGs with the general saving money framework by the year 2008, obviously, an appreciated approach. Further, as a component of its push on agribusiness, Union Bank of India additionally began to open town information focuses and provincial instructional hubs in all areas in the nation for the advantage of agriculturists.

13. SUGGESTIONS

1. Bookkeeping honours have been endorsed more in consonance with universal bookkeeping guidelines with the fundamental goals of upgrading straightforwardness, respectability and responsibility.
2. Resource arrangement criteria have been recommended and standards overseeing wage acknowledgment have been set down with the point of giving quantifiable objectivity.
3. Prudential standards have been recommended regarding arrangement of substandard resources.
4. Loan costs deregulation.
5. Diminishment of Statutory Liquidity Ratio and Cash Reserve Ratio.
6. More prominent adaptability for banks and money related foundations in taking an interest outside trade exchanges.
7. Diminish the level of NPAs to reinforce institutional base.
8. The formation of advantages remaking assets to rejuvenate powerless banks.
9. Liberal approach towards remote banks being opened in India.

14. RECOMMENDATIONS

The scientist likes to propose the accompanying suggestions keeping in mind the end goal to tackle the issues profoundly felt in the managing an account part.

1. Country advancement ventures have a tendency to endure if the saving money strategy creators don't embrace a bolder way to deal with rustic credit. The quantity of rustic branches ought to be expanded in order to give more credit to ranchers. The SCBs should go about as closest companions of country individuals.

2. The tremendous possibilities of preparing stores in rustic territories ought to be viably used by planning appropriate activity designs.
3. The decision amongst formal and casual credits is chiefly controlled by their openness in provincial territories. The casual part is portrayed by straightforwardness and flexibility. So the formal organizations of SCBs must be made openly available to ranchers and poorer areas of the general public.
4. There is a propensity for formal credit foundations to stream all the more effortlessly to agronomic ally created districts and to generally bigger ranchers, leaving the regressive locales and little agriculturists to the casual moneylenders. This ought to be redressed and steps ought to be assumed to upgrade praise offices to little and minor ranchers.
5. Steps ought to be taken to guarantee fruitful administration of credit by giving right compose and perfect measure of advances to right sort of customers. This upgrades profitability and nature of loaning, with the goal that credit conveyed guarantees the normal level of creation, work and wage, which will ensure auspicious reimbursement of advances and reusing of loan able assets.

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