

An Analysis of Financial Inclusion of Regional Rural Bank in the Kolar District of Karnataka District

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ABSTRACT

Regional rural banks in European countries are called people's banks. Keeping this in mind India has recently developed several countries with innovation using multi-regional rural banking technologies at all state levels in India. The financial system has been made to benefit the farmers. Their financial system which is a part of common people's life, which manages the financial system, banks are the field helping people of all classes in present times, from the common man to businessmen to employees and also to the beneficiaries and then to the farmers, modern banking services have done many useful things and have enriched the lives of people. This Regional Gramin Bank has played an important role in addressing the problems of families with family population, and lack of basic facilities in the lowest and backward sections of society, villages and villages. I realized that the main objective of the Regional Rural Bank is to build a better life for people above the poverty line.

KEYWORDS: RRBs, Financial inclusion, credit facilities, development.

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1. INTRODUCTION

We can say through study that the development work of banks at the regional rural level is very important at the global level and when we consider the regional rural banks like European countries, we can proudly claim that India is in a completely golden age. Considering the state of Karnataka has earned the honour of being the motherland of culture. Karnataka compared to most of the states, our state has got more privileges in terms of population, agriculture sectors, education sectors, health sectors and even industrial sectors. Therefore, many programs have been initiated by the Central Government in Karnataka State to develop Regional Rural Banks and have been implemented through various schemes for the benefit of the beneficiaries and the employees. Mainly in recent growth, India has relied on a systematic process to facilitate regional rural banks. It has been conducting district-level program, taluklevel program and village-level program. More facilities for the beneficiaries have been directed by the central government directly to the regional rural banks to implement more of its policies. The central government has enacted regulations regarding the quality of operations of regional rural banks and the formalities of financial inclusion. Many projects and functions have been incorporated in recent times. All these regional rural banks have been providing business to all the rural banks under the direction of the scheduled bank and commercial banks J.K. Golbraith has already defined his understanding of thought giving symmetry to his view. It includes the objective of explaining the financial inclusion situation and infrastructure of regional rural banks to all rural beneficiaries. Regional rural bank facilities like credit systems, loan facilities, low- interest disbursement etc. include progressive immobilization. When we observe, credit facilities should be available to the public through the framework of the banks. As the regional rural banks are increasing their interest year by year, the central government has assigned more benefits to the rural population through economic development. In addition to this, innovations have also been implemented and progressive transformation should be encouraged in terms of greater

financial inclusion in agriculture through thrift and mutual assistance to the beneficiaries, considering a small rate of interest to the farmers. The central government has been making more concessions for rural development by providing subsidies and relief to farmers as basic facilities. It may be noted that several schemes have been implemented especially in the name of small and micro farmers. Agricultural labourers and rural artisans have relied heavily on agencies for their credit needs, deputing them to various syndicates. The Government of India also decided that it was necessary to establish new institutions which would mainly focus on it comes to know that we are fully active in the current system based on several principles.

In this background, we can eliminate many loopholes by establishing a regional rural bank. The initiative includes opening several bank branches in all the villages to facilitate the beneficiaries from the point of view of productivity. Emphasis is placed on equality of higher social status and economic status. I express the opinion that basic facilities for all rural areas should be provided to the beneficiaries knowing their social, economic and moral conditions.

2. RRBs INDIA

Regional Rural Banks were established in September 1975 by the central government because of the beneficiaries who are at the maximum poverty line if our country of India is mainly observed. 1976 saw the construction of many banks and more credit facilities for the agricultural and rural sectors. If we want to build any bank, we can set up banks on the recommendation of the Narasimha Committee. These banks have been established since in India about 85% of the population lives in rural areas. The development process of the Regional Rural Bank started on 2nd October 1975 with the establishment of "Pratha Bank". Five indigenous rural banks were established on 2 October 1976 with an authorized capital of Rs 100 crore. The central government, state government and regional rural bank owned by the sponsoring bank (five commercial banks namely) Punjab National Bank, State Bank of India, Syndicate Bank, United Bank of India and United Commercial Bank, the share ratios of the Reserve Bank of India are set by the Reserve Bank of India by charging a lower interest rate to these banks. Financial inclusion is preferred.

If we look at the regional rural banks as a complement to the beneficiaries, this bank is at the local level and is performing this backing function in all the states of our country. These are mainly established in more rural areas to provide lending and financial services to the beneficiaries. But regional rural bank branches are also established in rural and urban areas.

These banks operate their operations in all districts as per the instructions of the central government.

- Providing loans at low-interest rates to small and micro farmers, landless labourers, artisans and small business owners engaged in the promotion of beneficiaries.
- To provide more financial inclusion for agriculture, trade, and jobs in rural areas to achieve economic development in terms of beneficiaries of the country.
- To develop the habit of saving the profits from agriculture and trade in rural areas.
- Helping rural areas create more jobs for the youth.
- Opening of banks in rural areas with fewer financial transactions than banks operating in cities and conducting fewer financial transactions.

3. REVIEW OF LITERATURE

Lakshmi Narayana (1973) found that in the Ambala district of Haryana a major portion of the assistance from SFDA has been utilized by big farmers in the name of the small farmer Duhan and Singh (1988) found that the advances increased over the years. The overdue was found to be declining and the defaulters were higher in the small farmers' category, Hanumanth Rao and Ranga swamy (1988), in their study, found, there was efficient use of investments under IRDP in Uttar Pradesh during 1984-86. There was a net increase in the incomes to the extent of 33 per cent of the beneficiaries under the

IRDP. But, only about five per cent of the beneficiaries were found to have crossed the poverty line.

Patnaik (1986) in his study of rural development programmes like IRDP in the Keonjhar district of Orissa found that as a result of the target-oriented approach, a large number of poor households like landless and marginal and small farmers obtained credit assistance from the institutional agencies. Khusro (1992) thought that the RRBs have developed a serious organizational problem. The critical areas related to a steep decline in profitability, poor recoveries and problems relating to management and staff. The major factors responsible for the erosion of profitability were exclusively lending to weaker sections, low-interest margins and high operating costs. The financial cost and transaction costs were Rs7.80 and Rs.8.65 respectively. The recovery of regional rural banks was 49 per cent as on June 1986. Nanda (2000) in his paper on the role of banks in rural development in the new millennium, evaluated the performance of commercial banks by way of loans as on June 1969 and as on March 1995 to March 1999 for total priority sector advances, including agriculture, small scale industries, etc., indicate the significant increase in the share of priority sector advances in the net bank credit. The share of priority sector advances by the commercial banks in the net bank credit had increased from 14.6 per cent as on June 1969 to 43.5 per cent by March 1999. The working group on RRBs has re-commended the continuance of RRBs on the lines as originally envisaged. Other committees/working groups such as Khusro Committee (1989), Basu Committee (1996), Thingalaya Committee (1997), Chalapathi Rao Committee (2001) and Purwar Committee (2004) have suggested "the amalgamation of RRBs with their respective sponsor banks". But the GOI never took a decision on the suggestion of amalgamation of RRBs with their sponsor banks. However, the Advisory Committee on Flow of Credit to Agriculture and Related Activities [Vyas Committee 2004] has recommended "the amalgamation of RRBs with other RRBs but not with their respective sponsor banks". Almost an identical recommendation has been made by the Internal Working Group on RRBs [Sardesai Committee 2004] as to the amalgamation of RRBs and their mode of amalgamation. Since the recommendations of both the committees were suited to the GOI and are in tune with its proclaimed intentions/objectives as discussed above, the GOI has taken a decision to amalgamate the RRBs with other RRBs.

4. OBJECTIVE OF THE STUDY

- To study and analyse demographic changes and the progress of RRBs in Karnataka.
- To access and analyse the financial inclusion facilities available with RRBs in the Kolar district in Karnataka.

5. METHODOLOGY

For our current study, we have selected secondary data which includes government publications mainly the Economic Survey of India, RBI reports, Economic Survey by the Government of Karnataka, and Financial Inclusion. Percentages and growth rates through various analyses are used to analyse secondary data and ratios and percentages are used in this.

5.2 Kolar District in Karnataka

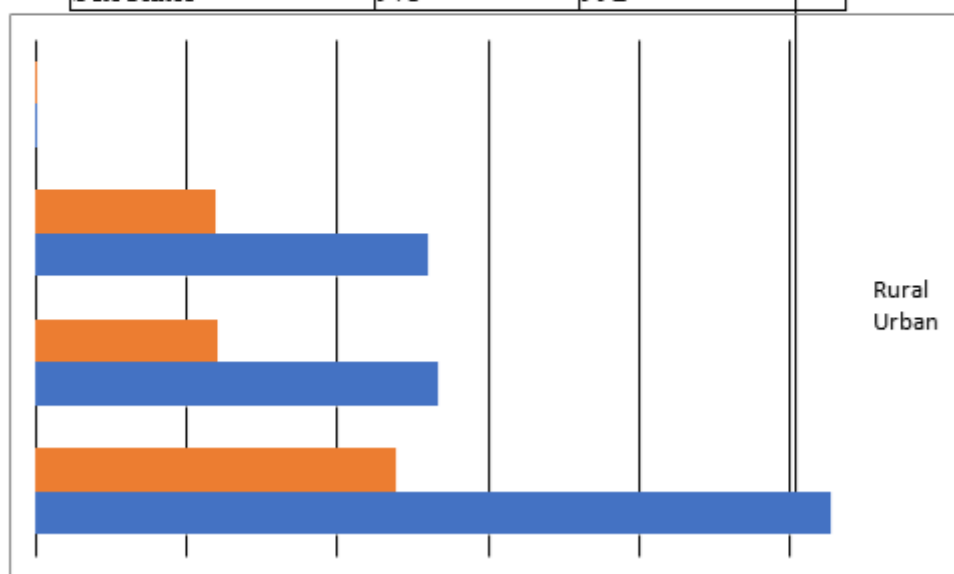
When we consider the Kolar district of the state of Karnataka in India, this district is also a drought prone district and an agriculture-based district economically, the beneficiaries are living with agriculture as their livelihood. It can also be said that the district has become increasingly dependent on rainfall and groundwater irrigation over time. Many taluks and rural areas in this district are also home to many temples such as Nandi Durga and Someswara temples which are the largest in this district. It runs from Nandi village in the north to Penukonda and Dharmavaram Anantapur District of Andhra Pradesh.

As per the 2011 census, 68.75 % population of Kolar districts lives in rural areas of villages. The total Kolar district population living in rural areas is 1,056,328 of which males and females 535,431 and

520,897 respectively. In rural areas of the Kolar district, the sex ratio is 973 females per 1000 males. If the child sex ratio data of the Kolar district is considered, the figure is 955 girls per 1000 boys. The child population in the age 0-6 is 116,231 in rural areas of which males were 59,459 and females were 56,772. The child population comprises 11.10 % of the total rural population of the Kolar district. The literacy rate in rural areas of the Kolar district is 69.08 % as per census data from 2011. Gender-wise, male and female literacy stood at 78.11 and 59.82 per cent respectively. In total, 649,421 people were literate of which males and females 371,785 and 277,636 respectively

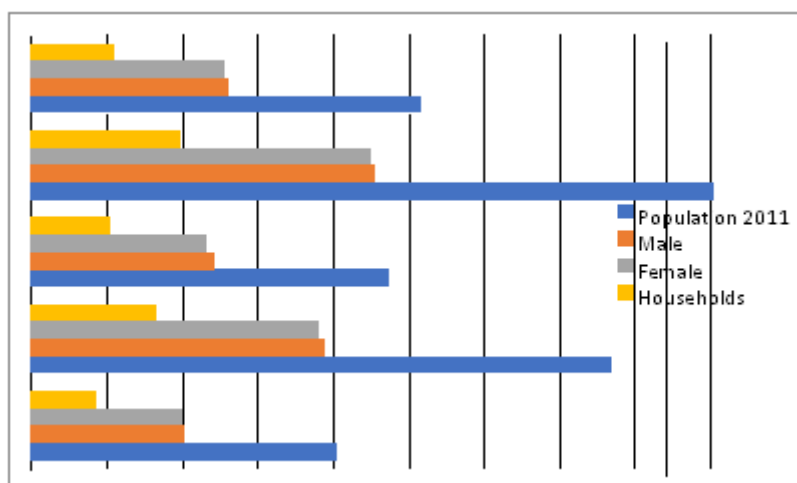
Table-1 Population statistics Kolar District Urban/Rural 2011

Description	Rural	Urban
Total Population	10,56,328	4,80,073
Male Population	5,35,431	2,40,965
Female Population	5,20,897	2,39,108
Sex Ratio	973	992



Kolar District Talukas Population

Talukas	Population 2011	Male	Female	Households
Srinivasapur	2,02,304	1,02,075	1,00,229	43,414
Kolar	3,85,410	1,95,129	1,90,281	83,136
Malur	2,36,920	1,21,083	1,15,837	52,443
Bangarape t	4,52,832	2,27,621	2,25,211	99,691
Mulbagal	2,58,935	1,30,488	1,28,447	54,664



According to the 2011 Census of India, Kolar District District Talukas Population Below is the list of Kolar District Talukas households, total population and male and female statistics.

Kolar district in Significant

According to the Overall, 19 beneficiaries if we see that regional rural banks have been providing more financial additions at low interest rates considering the savings account, current account, subsidy, education, agriculture, health, transport connectivity, business, industry and other sectors in order to benefit some beneficiaries and many more have received privileges from the central government. If we have to study the Kolar district of Karnataka state, I would like to say that mainly in the rural areas, one government bank has been established in all the villages for the benefit of the 19 beneficiaries, keeping in mind the banks that the government has joined the gram panchayats.

When we surveyed 19 beneficiaries in rural areas of Kolar district, it was said that Chi square test, simple ratios were used to analyse the data. Table number 2 number of respondents.

		Cases				
		Valid		Missing		Total
	N	Percent	N	Percent	N	Percent
Occupation * account * household having a bank account	18	100.0%	0	0.0%	18	100.0%

From the above table it is clear that, 100% data is processed

From the above table -3, most of respondents are having saving bank account belong to student's category. Table -4 loan type

Occupation * If ever borrowed, type of the credit/loan * insurance, type is its Cross tabulation							
Count							
insurance, which of the following type is it			borrowed, what was the type of the credit/loan				Total
			Agriculture	Educational loan	Housing loan	Personal loan	
Health	Occupation	Accountant		0	1		1

Insuran ce		Nothing		1	0			1
	Total			1	1			2
If other Please specify	Occupati on	Driver	0	0		1		1
		Guest	0	0		1		1
		Lecturer						
		No	0	1		0		1
		Student	1	0		2		3
	Total		1	1		4		6
Life Insuran ce	Occupati on	B.B.A		0	1	0		1
		Guest		0	0	1		1
		Lecturer		0	0	1		1
		Student		0	0	1		1
		Study		1	0	0		1
		Yes		1	0	0		1
	Total			2	1	3		6
No	Occupati on	Student				1		1
	Total					1		1
Vehicle Insuran ce	Occupati on	NO		1			0	1
		Security Agency		0			1	1
	Total			1			1	2
We are no insuran ce policy	Occupati on	Student				1		1
	Total					1		1
TOTAL			1	5	2	9	1	18

From the table it is clear that, across the different categories of people availed loan facilities from regional rural banks

6. FINDING OF THE STUDY

The survey fact observed that RRBs banks are expected not only to achieve their socioeconomic objectives but also to earn financial inclusion. A judicious allocation of profits is relied upon to direct the functioning of banks to undertake development in rural areas and alleviate the financial crisis of the beneficiaries. Respondents are aware about the regional rural banks and most of them are having saving bank account. Most of the student respondents are availed education loan, agricultural loan, vehicle loan and personal loan. The old banking system of expenditure and working methods based on foreign resources and economic directions has limits to reaching work based on the inclusion of urban industrial and business finance. The last mile rural banking system of the rural areas has achieved the distance of agriculture based. Apart from this, the main objective of rural banks in industry-oriented Karnataka is to help in timely financial assistance to common people and beneficiaries. RRBs also work of providing financial assistance to rural small farmers and beneficiaries in economic distress and directing the needy rural people through social considerations to avoid falling victim to the schemes of unscrupulous moneylenders who are exploiting the farmers by acting as actuaries. Maximum coverage due to high-interest rates the importance of rural banking in the economy especially after RRBs banks' development of the state cannot be overlooked. Rural households have irregular incomes, and this is mainly because most of the operations of banks in rural areas are non-performing loans. The agricultural field of NPAs is compared to 3.7% in agricultural sectors of the NPAs of the NPAs, uneven delivery of low-level farmers. The dominance of vested interests in cooperative banking can be traced back to the weakening of the commercial banking system due to its tendency towards managerial weakness and excessive overhead and high-cost structure. In the Karnataka rural development space, employees are seen to have the intention to use only regional rural banks as an alternative for rural services.

7. CONCLUSION

We generally operate representatives from regional rural banks to many different banks. Various schemes target the beneficiaries in the rural areas and provision of more credit facility systems to all the rural villages by providing financial inclusion at low-interest rates. In addition, subsidies and funds are provided by the government directly to rural areas. The Central Government should permit the opening of several new branches in the most remote areas. RRB for rural beneficiaries Actions should be taken to facilitate the industry, agriculture sectors and productivity through the direction from. Credit expansion and extreme poverty in rural areas Eradication are given high priority. Despite decades of effort and experimentation in banking, both organized and unorganized credit gaps in the rural sector can be suitably improved by rural banks. The financial sector has not been able to deliver much in recent years hence, greater interest should be given to financial inclusion for the beneficiaries in rural areas. As we study each household appropriately in all villages that fall into rural areas, we find per capita income, low level of savings, and standard of living of people. Government should undertake to introduce innovations to rural areas by knowing the proper information about how the infrastructure and banking system in rural areas will develop in urban areas. It is only when we understand the recent situation in the present day that we know the development of trends according to the situation, and we can know that it is possible to develop a balance.

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